

ANNUAL BUDGET

2010/2011



ALBERT LUTHULI
MUNICIPALITY



Albert Luthuli Municipality

Vision

A transparent, innovative and developmental municipality that improves the quality of life of its people.

Mission

To provide a transparent and accountable government by rendering affordable and sustainable services; and encouraging economic and social development through community participation.

Core Values and Principles

- The municipality is driven by the aspirations of the people; we will respect and uphold the Constitution of the Republic of South Africa.
- The municipality commits itself to the Code of Conduct for Councilors and Officials contained in the Municipal Systems Act, 2000.
- The municipality commits itself to the principles of sound financial management
- The municipality subscribes to the principles of Batho Pele: Consultation, Service Standards, Access, Courtesy, Information, Openness and transparency, Redress and Value for Money.
- The municipality subscribes to Cooperative Governance. As a partner in governance we will promote and constructively participate in Regional, Provincial and National programmes.

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Functional Codes

National Treasury Functions	Council Functions	Council Vote	IDP Objective Goal Code
<u>EXECUTIVE AND COUNCIL</u>			
Executive and Council	Executive Mayor	02	GC2
	Council	03	GC2
Municipal Manager	Municipal Manager	33	GC1
	Corporate Services	32	GC1
<u>BUDGET & TREASURY OFFICES</u>			
Budget & Treasury	Assessment Rates	01	FV1
			PA1
	Finance Services	34	FV1
	Information Technology-fin	35	FV1
	Supply Chain Management	38	FV1
	Internal Audit	50	GC1
<u>CORPORATE SERVICES</u>			
Information Technology	Corporate Services - IT	31	GC1
Property Services	Property: Fixed Assets	09	SD1
	Fixed Assets: Padkamp	40	SD1
	Personnel Housing	48	SD1
Other Admin	Workshop	44	GC1
	Risk Management	51	GC1
<u>PLANNING & DEVELOPMENT</u>			
Planning & Development	IDP/LED Office	37	EG1
<u>HEALTH</u>			
Clinics	Health Clinic Carolina	13	SD2
	Health Clinic Silobela	14	SD2
<u>COMMUNITY & SOCIAL SERVICES</u>			
Libraries & Archives	Library	06	SD3
Community Halls & Facilities	Municipal Buildings	21	SD3
Cemeteries & Crematoriums	Cemetery	05	SD3
Other Community	Community Services	12	SD3
<u>PUBLIC SAFETY</u>			
Police	Administration	16	SD4
	Safety & Security	17	SD4
	Licensing	18	SD7
	Traffic	39	SD4
Fire	Fire Brigade	08	SD4
Other	Disaster Management	07	SD4

National Treasury Functions	Council Functions	Council Vote	IDP Objective Goal Code
<u>SPORT & RECREATION</u>			
Parks & Recreation	Parks and Recreation	25	SD3
<u>WASTE MANAGEMENT</u>			
Solid Waste	Sanitation	30	SD6
			PA4
<u>ROAD TRANSPORT</u>			
Roads	Public Works	24	SD7
	Technical Services	36	SD7
<u>ENVIRONMENTAL PROTECTION</u>			
Other	Refuse removal	29	SD5
			PA5
<u>WATER</u>			
Water Distribution	Project Management Unit	04	SD8
	Water DWARF: Old Scheme	128	SD8
	Water General	129	SD8
			PA3
<u>ELECTRICITY</u>			
Electricity Distribution	Electricity	123	SD9
			PA2
<u>OTHER</u>			
Air Transport	Airstrip	41	SD3

IDP Objectives:

IDP Objective Goal Code	Goal	Strategic Objective
PA1	Poverty Alleviation	Property Rates: Indigent Support
PA2	Poverty Alleviation	Electricity: Indigent Support
PA3	Poverty Alleviation	Water: Indigent Support
PA4	Poverty Alleviation	Waste water: Indigent Support
PA5	Poverty Alleviation	Waste Management: Indigent Support
SD1	Service Delivery	Property Services
SD2	Service Delivery	Provide Health and Environmental Services
SD3	Service Delivery	Community and Social Service Provision
SD4	Service Delivery	Provide and ensure safe environment
SD5	Service Delivery	Waste Management Infrastructure Development and Service Delivery
SD6	Service Delivery	Waste Water Management Infrastructure Development and service delivery

IDP Objective Goal Code	Goal	Strategic Objective
SD7	Service Delivery	Road Infrastructure Development and Service Delivery
SD8	Service Delivery	Water Infrastructure Development and Service Delivery
SD9	Service Delivery	Electricity Infrastructure Development and Service Delivery
FV1	Financial Viability	Sustainable and Economical Monetary Management
EG1	Economic Growth and Development	Local Economic Development
EG2	Economic Growth and Development	Integrated Environmental, Social and Economic Spatial Plan
GC1	Good Corporate Governance	Municipal Transformation and Organisational Development
GC2	Good Corporate Governance	Good governance and public participation

PART 1

ANNUAL BUDGET

PART 1

Report by the Executive Mayor

ON THE TABLED ANNUAL BUDGET FOR THE 2010/2011; 2011/2012 & 2012/2013 FINANCIAL YEARS

1. As a result of the community participation through the Integrated Development Plan process and subsequent planning processes, the 2010/2011 to 2012/2013 annual budget is herewith tabled for final adoption after public consultation.
2. The State President in his 2010 State of the Nation Address indicated that government needs to do more with existing resources by:
 - 2.1. Delivering more and better services in a caring and efficient manner.
 - 2.2. Holding political office bearers and public servants accountable.
 - 2.3. Shifting resources to new priorities.
 - 2.4. Moving from debate to effective implementation and decisive action.
 - 2.5. Working in partnership with communities, labour and business to achieve the nation shared objectives.
3. The challenge for the municipality is to do more within its existing resources by reprioritizing money from low-priority programmes to high-priority programmes. Municipalities play a critical role in furthering government objective of providing services to all while facilitating local economic development.
4. The National Budget Review for 2010 outlines that the South African economy is slowly recovering, with economic growth of 2,3% projected for 2010. However, it will take some time for the economic upturn to flow through and is it consequently expected that revenues and cash flows will remain under pressure. National Treasury has advised municipalities to adopt a conservative approach when projecting revenues and cash receipts and to pay particular attention to managing revenue effectively, especially debtors.
5. Given the current constraints some very tough decisions in the course of considering the 2010/2011 budgets and Medium Term Revenue and Expenditure Framework (MTREF) were taken. Priority must be given to:
 - 5.1. Ensuring that drinking water meets the required quality standards.
 - 5.2. Managing all revenue streams, especially debtors.
 - 5.3. Protecting the poor from the inputs of the economic downturn.
 - 5.4. Secure the health of the municipal asset base by monitoring the spending on repairs and maintenance.
 - 5.5. Expediting spending on capital projects that are funded by conditional grants.
 - 5.6. Ensure that capital budgets reflect consistent efforts to address the backlogs in basic services and the upgrading of existing infrastructure.

6. It is important that the financial position of the municipality remains sustainable over the medium term facing the current constraints and therefore, special attention must be given to eliminating all unnecessary spending on nice-to-have items and non-essential activities.
7. National Government has raised concerns about the quality of municipal drinking water and failures in the management of waste water and has introduced the Blue Drop and Green Drop performance ratings. Therefore a section on *“drinking water quality and waste water management”* is included in the budget document and focus on the quality of the functioning of existing services and refurbishment of existing infrastructure.
8. To support local government national transfers grow over the next three years to accelerate the delivery of basic services to households that cannot afford them. For the 2010 government MTREF an additional R10,5-billion is allocated to local government of which R6,7-billion is for the equitable share and R3,8-billion for infrastructure transfers.
9. In terms of the Division of Revenue Act the equitable share for Albert Luthuli increases from R96-million to R119,2-million for the 2010/2011 financial year and is projected to increase to R147,8-million in the 2012/2013 financial year. MIG transfers increase from R37,4-million to R58 million and are projected to increase to R62,8-million in the 2012/2013 financial year.
10. The new valuation roll was successfully implemented from 1 July 2009. All newly rated properties will be implemented from 1 July 2010 which will expand the municipality tax base.
11. To assist our communities the following social packages are included in the budget for registered indigent households:
 - 11.1. Free Basic Water - 6kl per month
 - 11.2. Free Basic Electricity - 50kWh per month
 - 11.3. Free Refuse Removal Services- 50% discount
12. It is also proposed that the Indigent Policy be amended to include the rural villages and areas where electricity is supplied by Eskom.
13. The tabled budget herewith presented provides for total operating revenue of R211,1-million for 2010/2011 financial year, R228,4-million for the 2011/2012 financial year and R247,2-million for the 2012/2013 financial year. The bulk of the revenue is derived from user charges for services and property rates of which electricity charges are the main contributing factor at 13%.
14. The operating budget provides for the total operating expenditure for the 2010/2011 financial year of R211,1-million, the 2011/2012 financial year of R228,4-million and R247,2-million for 2012/2013 financial year.
15. The main expenditure increases are as follows:

- 15.1. Employee related costs at 10,7%. This includes an overall salary increase of 7,7% as per Treasury guidelines.
 - 15.2. Bulk purchases at 26,6% which include an increased amount of R21,2-million for electricity and R,3-million for water.
 - 15.3. Grants and subsidies payable increase with R29,8-million to allow for the provision of free basic services to indigent households which were in the past recognised as income foregone.
16. The executive summary and supporting documents in the tabled budget document contain more details regarding the contents of the budgeted provisions.
17. In compliance with section 22(b)(i) of the MFMA, the tabled budget must be submitted to National Treasury and Provincial Treasury by no later than 10 days after approval by Council, whilst the final approved budget must be submitted by no later than 14 July 2010.
18. It is recommended by the Executive Mayor:
- 18.1. That the annual budget for the 2010/2011, 2011/2012 and 2012/2013 financial years be considered and tabled to the Council for consideration as set out in the following budget tables:
 - Table A1 : Budget Summary
 - Table A2 : Budgeted Financial Performance (revenue and expenditure by standard classification)
 - Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - Table A4 : Budget Financial Performance (revenue and expenditure)
 - Table A5 : Budgeted Capital Expenditure by vote, standard classification and funding
 - Table A6 : Budgeted Financial Position
 - Table A7 : Budgeted Cash Flows
 - Table A8 : Cash Backed Reserves / Accumulate Surplus Reconciliation
 - Table A9 : Asset Management
 - Table A10 : Basic Service Delivery Measurement
 - 18.2. That the resolution on the approval of the annual budget for the 2010/2011, 2011/2012 and 2012/2013 financial years as contained in the budget document be considered.
 - 18.3. That the proposed electricity budget with tariffs and motivation be submitted to the National Energy Regulator for consideration and approval.
 - 18.4. That public input submitted be evaluated and recommended to Council for consideration with the final approval of the budget by 30 May 2010.
 - 18.5. That the tabled annual budget lies open for public inspection at all the libraries, the main offices and satellite office.

Schedule 1 – Resolution on approval of the Annual Budget

RESOLUTION ON THE APPROVAL OF THE ANNUAL BUDGET FOR CAPITAL AND OPERATING EXPENDITURE FOR THE 2010/2011, 2011/2012 AND 2012/2013 FINANCIAL YEARS

RECOMMENDED TO RESOLVE

1. **THAT** the multi-year annual budget of capital and operating expenditure for 2010/2011 and the indicated two outer years of 2011/2012 and 2012/2013 tabled for public scrutiny and input be approved as set out by the following tables:
 - 1.1. Table A1 : Budget summary
 - 1.2. Table A2 : Budgeted financial performance
 - 1.3. Table A3: Budgeted financial performance (municipal vote)
 - 1.4. Table A4 : Budget financial performance by revenue source and expenditure type
 - 1.5. Table A5 : Budgeted capital expenditure by vote
 - 1.6. Table A6 : Budgeted financial position
 - 1.7. Table A7 : Budgeted cash flows
 - 1.8. Table A8 : Cash backed reserves / accumulate surplus reconciliation
 - 1.9. Table A9 : Asset management
2. **THAT** in terms of Section 75A of the Local Government Municipal Systems Act, Act 32 of 2000, interest be recovered on amounts outstanding for periods longer than thirty (30) days on all debtor accounts at a rate equal to the prime bank overdraft rate from Standard Bank as applicable to the bank account of the Council from time to time.
3. **THAT**, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2010 to 30 June 2011, provided that rebates, as indicated, on application be allowed. Refer Schedule 2.
4. **THAT** the sewerage charges as determined in the Tariffs for 2010/11 be approved.
5. **THAT** the fees for the removal of solid waste (refuse) as determined in the Tariffs for 2010/11 be approved.
6. **THAT** the fees for water supply as determined in the Tariffs for 2010/11 be approved.
7. **THAT** the electricity tariffs for the 2009/2010 financial year be approved.
8. **THAT** the proposed electricity budget with tariffs and motivations be submitted to the National Energy Regulator for consideration and approval.
9. **THAT** the adjusted sundry tariffs, Value Added Tax inclusive, as reflected in the comments of the various Heads of Departments be approved for implementation with effect from 1 July 2010.

10. **THAT** the following policies as amended and developed be referred to Committee on Policies and by-laws for consideration.

- 10.1. Tariff Policy
- 10.2. Rates Policy
- 10.3. Credit Control and Debt Collection Policy
- 10.4. Cash Management and Investment Policy
- 10.5. Funding and Reserves Policy
- 10.6. Long-term Financial Planning Policy
- 10.7. Indigent Policy
- 10.8. Free Basic Services Policy
- 10.9. Budget Policy
- 10.10. Water and Electricity Management Policy
- 10.11. Overtime Policy
- 10.12. Supply Chain Management Policy
- 10.13. Asset Management Policy
- 10.14. Borrowing Policy
- 10.15. Capital Projects Policy
- 10.16. Infrastructure Investment Policy

11. **THAT** the measurable performance objectives for revenue from each source as per Table A4 be approved for the 2010/2011 budget year.

12. **THAT** the tabled budget accordingly be submitted to the Mpumalanga Department of Finance and National Treasury in the formats as prescribed.

13. **THAT** public input submitted until end of consultation process were evaluated and the draft budget was amended accordingly.

Executive Summary

EXECUTIVE SUMMARY ON THE 2010/11 TO 2012/13 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) TABLE ANNUAL BUDGET

1. Report by the Executive Manager Finance

- 1.1. The national budget review for 2010 outlines the current global economic crisis and the future economic outlook. It notes that the South African economy is slowly recovering with economic growth of 2.3 per cent projected for 2010. Over the past year inflation pressure eased and CPI is projected to average 5,9 per cent in 2010 and about 6 per cent over the medium term.

Continuing public sector investment in economic infrastructure provides crucial support for the recovery of the economy. Given the current economic conditions National Treasury has advised municipalities to adopt a conservative approach when projecting revenues and cash receipts. Municipalities will therefore again need to take make very tough decisions in the course of considering their 2010/2011 Budgets and Medium Term Revenue and Expenditure framework (MTREF). Priority must be given to:

- ensure that drinking water meets the required quality standards at all times.
- managing all revenue streams, especially debtors.
- protecting the poor from the impacts of the economic downturn.
- support local economic development initiatives that foster business opportunities and job creation.
- secure the health of their asset base by monitoring the spending on repairs and maintenance.
- expediting spending on capital projects that are funded by conditional grants.

It is important that the financial position of the municipality remains sustainable over the medium term facing the current economic constraints. Therefore special attention must be given to eliminating all unnecessary spending on nice-to-have item and non-essential activities and ensure that capital budgets reflect consistent efforts to address the backlogs in basic services and refurbishment of existing infrastructure.

The MFMA requires that the final budget be tabled to Council 30 days before start of the financial year.

The tabled annual budget consists of two (2) main parts with supporting information, charts and explanations of trends and deviations. National Treasury has further encouraged municipalities to include the draft municipal service delivery and budget implementation plan with the tabled budget document. The SDBIP is included under Part 3 of the tabled budget document.

2. Part 1 – Annual Budget

This annexure contains the A1-10 tables and resolutions to be approved by Council with supporting schedules, inclusive of the following:

- Report of the Executive Mayor
- Schedule 1 : Resolution for the 2010/2011, 2011/2012 and 2012/2013 annual budget
- Executive Summary
- Annual Budget Tables
 - Table A1 : Budget summary
 - Table A2 : Budgeted financial performance by vote
 - Table A3 : Budgeted financial performance by municipal vote
 - Table A4 : Budget financial performance by revenue source and expenditure type
 - Table A5 : Budgeted capital expenditure by vote
 - Table A6 : Budgeted financial position
 - Table A7 : Budgeted cash flows
 - Table A8 : Cash backed reserves / accumulate surplus reconciliation
 - Table A9 : Asset management
 - Table A10 : Basic service delivery measurement

Executive Summary

Table A1 provides a consolidated budget summary of the proposed annual budget. The combined expenditure for the MTREF is as follows:

	2010/11	2011/12	2012/13
Operating expenditure	211 120	228 371	247 186
Contribution to Capital	(22,419)	-	-
Total Operating	188 701	-	-
Capital expenditure	90 419	71 670	87 416
Total Budget	279 120	300 041	334 602

Table A2 provides details on the budgeted financial performance by vote, whilst Table A4 and supporting table SA1 and SA2 provides details on the budgeted financial performance by revenue source and expenditure type.

Table A4 is graphically presented in:

- Chart 1 Revenue by major source
- Chart 2 Other revenue
- Chart 3 Operating expenditure by type

Audit results show that the total revenue for 2008/2009 of R191,3-million realized. Based on the mid-year assessment, the budgeted revenue for 2009/2010 is revised from R174,5-million to R170,8-million.

The tabled budget herewith presented provides for total operating revenue of R211,1-million for 2010/2011 financial year, R228,4-million for the 2011/2012

financial year and R247,2-million for the 2012/2013 financial year. This reflects an increase of 17-% in operating revenue.

Revenue from property taxes is expected to increase to R26,6-million, which is R5,2-million higher than the 2009/2010 adjusted budget and constitutes 12,6% of operating revenue.

Revenue from service charges increases to R41,2-million, which is R8,2- million higher than the 2009/2010 adjusted budget and contributes 19,6% to operating revenue. From the service charges, electricity revenue is the largest source of revenue which contributes 75,0%.

The Equitable Share which is mainly used to provide relief to indigent households increases from R96-million to R119,2-million, which is an increase of 24,2%.

The infrastructure transfers MIG increases from R45,3-million to R58 million and reflects an increase of 28%.

Government is also stepping up programmes to monitor municipal performance against grants. The DORA clearly states that any conditional allocation not spent at the end of a financial year reverts back to the national revenue fund unless proof to the satisfaction of National Treasury that unspent allocations is committed to identifiable projects. Any unspent conditional grants for the 2009/2010 financial years must be returned to National Treasury by 15 October 2010. At this stage it is envisaged that all conditional grants will be spend by 30 June 2010.

The operating budget provides for total operating expenditure for the 2010/2011 financial year of R211,1-million, in the 2011/2012 financial for R228,4-million and R247,2-million for the 2012/2013 financial year which represents an overall increase of 23,6% against the 2009/2010 adjusted budget.

Employee related costs increase with 10,7% from R65,5-million to R72,5-million and constitutes 32,3% of operating revenue. Bulk purchases increase with 26,6% from the adjusted budget of R17-million to R21,5-million and constitute 10,2% of total operating expenditure.

The operating expenditure allocations by vote are graphically presented in:

- Chart 4 Operating expenditure by main vote
- Chart 5 Other operating expenditure

Table A5 provides details on the budgeted capital expenditure, whilst table A9 provides information on asset management. Table A5 is graphically presented in:

- Chart 6 Capital expenditure by main vote
- Chart 7 Other capital expenditure
- Chart 8 Capital funding by source

The proposed capital expenditure for 2010/2011 amounts to R90.4-million, R71,7-million for the 2011/2012 financial year and an amount of R87,4-million for the 2012/2013 financial year. This constitutes a total capital programme of R249,5-

million over the next three (3) years of which R169-million is funded from government grants and donations and the balance of R80,5-million from internal reserves.

The key capital expenditure in the proposed capital budget for 2010/2011 financial year is:

- R16,4-million for electricity services
- R37,8-million for water services
- R23,7-million for sewerage services
- R0,7-million for road transport
- R9,9-million for community and public safety
- R1,6-million for governance and administration

The key capital expenditure is graphically presented in:

- Chart 9 Capital expenditure by asset class

For the maintaining of servicing the health of the municipal assets and sustaining service delivery, R12,4-million is provided for repairs and maintenance.

Table A6 and supporting table SA3 provides information on the projected budgeted financial position and table A7 provides details on the projected cash flow.

3. Part 2 – Supporting Documents

This annexure contains the supporting tables with explanatory notes, inclusive of the following:

- Overview of the annual budget process.
- Overview of the alignment of the annual budget with the integrated development plan.
- Measurable performance objectives and indicators.
- Overview of budget related policies.
- Overview of budget assumptions.
- Overview of budget funding.
- Funding requirements for capital expenditure.
- Expenditure on allocations and grant programmes.
- Allocations or grants made by the municipality.
- Councillors and board member allowances and employee benefits.
- Monthly targets for revenue, expenditure and cash flow.
- Contracts having future budgetary implications.
- Capital expenditure details.
- Legislative compliance status.

Schedule 2 : Comparison on the imposing of assessment rates and setting of tariffs for the 2010/2011 financial year.

Schedule 3 : Personnel Budget

Schedule 4 : Budget Related Policies

4. Part 3 – Annual Budgets and SDBIP's for internal departments

This annexure disclose the annual budgets and service delivery implementations plans for internal departments with a high level executive summary as follows:

- Report by the Executive Manager on the SDBIP which include the following annexures:
 - Supporting Table SA 25 – Monthly projections of revenue for each source and expenditure type.
 - Supporting Table SA 27 – Monthly projection of operating revenue and expenditure by vote.
 - Supporting Table SA 29 – Monthly projections of capital expenditure by vote.
- Executive Summaries for internal departments.
- Departmental annual operating budget.
- Departmental detailed capital expenditure.

MPHUMUZI NHLABATHI
ACTING CHIEF FINANCIAL OFFICER

Table A1 – Budget Summary

MP301 Albert Luthuli - Table A1 Budget Summary

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousands									
Financial Performance									
Property rates	13,284	14,588	18,099	21,340	21,340	26,582	26,570	28,217	29,882
Service charges	12,267	15,947	18,235	42,430	33,067	14,726	41,193	50,820	60,963
Investment revenue	5,153	7,523	6,292	4,271	4,271	2,372	4,698	4,990	5,284
Transfers recognised - operational	54,591	89,556	126,314	105,688	111,390	111,607	137,614	143,234	149,881
Other own revenue	6,491	32,725	22,309	781	781	25,187	1,045	1,110	1,176
Total Revenue (excluding capital transfers and contributions)	91,786	160,339	191,250	174,510	170,849	180,474	211,120	228,371	247,186
Employee costs	26,790	38,966	46,821	62,883	65,510	59,160	72,516	77,012	81,556
Remuneration of councillors	8,535	8,208	9,226	10,573	10,478	9,773	11,353	12,056	12,768
Depreciation & asset impairment	–	–	18,225	19,426	18,418	10,019	22,774	24,186	25,613
Finance charges	–	47	34	–	–	–	–	–	–
Materials and bulk purchases	7,718	8,657	12,259	17,015	17,015	14,962	21,535	27,031	33,968
Transfers and grants	–	–	–	304	204	18	216	229	243
Other expenditure	46,358	76,598	129,502	64,308	59,224	48,021	82,726	87,855	93,039
Total Expenditure	89,401	132,476	216,067	174,510	170,849	141,954	211,120	228,371	247,186
Surplus/(Deficit)	2,385	27,862	(24,816)	–	0	38,521	0	0	0
Transfers recognised - capital	–	–	–	50,017	72,446	72,446	58,000	48,339	62,708
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708
Capital expenditure & funds sources									
Capital expenditure	36,612	30,901	27,785	69,443	91,418	91,418	90,419	71,670	87,416
Transfers recognised - capital	5,868	–	–	50,017	72,446	72,446	58,000	48,339	62,708
Public contributions & donations	27,051	26,229	20,760	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	3,693	4,673	7,025	19,426	18,973	18,973	32,419	23,331	24,708
Total sources of capital funds	36,612	30,901	27,785	69,443	91,418	91,418	90,419	71,670	87,416
Financial position									
Total current assets	54,951	64,734	12,463	43,561	37,475	53,018	48,083	54,639	62,697
Total non current assets	42,936	296,642	520,982	575,103	598,087	604,661	676,820	729,098	795,979
Total current liabilities	48,278	35,421	30,693	65,895	60,364	43,961	53,185	63,681	75,912
Total non current liabilities	–	176	119	119	119	119	119	119	119
Community wealth/Equity	49,610	325,779	502,633	552,649	575,078	613,599	671,599	719,937	782,645
Cash flows									
Net cash from (used) operating	47,567	21,834	27,829	52,499	76,113	85,182	106,212	79,475	95,030
Net cash from (used) investing	(38,829)	(33,937)	(35,995)	(73,547)	(95,523)	(93,698)	(94,934)	(76,465)	(92,494)
Net cash from (used) financing	8	(92)	(107)	–	–	–	–	–	–
Cash/cash equivalents at the year end	21,432	9,236	964	(20,085)	(18,446)	(7,552)	3,725	6,735	9,271
Cash backing/surplus reconciliation									
Cash and investments available	53,352	44,029	39,405	22,461	24,100	33,169	48,961	56,767	64,380
Application of cash and investments	25,414	(34,134)	14,786	36,253	33,595	25,692	16,536	32,089	40,689
Balance - surplus (shortfall)	27,938	78,162	24,619	(13,792)	(9,496)	7,477	32,426	24,678	23,692
Asset management									
Asset register summary (WDV)	11,013	261,576	482,541	532,557	555,541	563,940	631,584	679,068	740,871
Depreciation & asset impairment	–	–	18,225	19,426	18,418	10,019	22,774	24,186	25,613
Renewal of Existing Assets	–	14	11,011	–	7,382	–	–	–	–
Repairs and Maintenance	2,980	2,182	7,310	10,882	9,296	9,409	12,347	13,112	13,886
Free services									
Cost of Free Basic Services provided	0	0	0	0	0	0	–	–	–
Revenue cost of free services provided	–	–	807	838	838	838	–	–	–
Households below minimum service level									
Water:	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–
Refuse:	34,645	38,911	34,645	37,381	37,381	31,401	31,401	23,551	15,701

Table A2 – Budgeted financial performance by vote

MP301 Albert Luthuli - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		74,766	115,204	118,080	176,131	200,877	213,967	217,091	223,177	253,200
Executive and council		34	247	372	1,067	1,072	281	751	798	845
Budget and treasury office		74,399	114,643	117,379	174,681	199,417	213,251	216,282	222,318	252,290
Corporate services		333	313	329	383	388	436	58	61	65
<i>Community and public safety</i>		1,828	1,828	54,249	3,308	3,273	6,150	2,650	2,814	2,980
Community and social services		271	284	187	161	169	189	181	192	203
Sport and recreation		4	-	-	4	4	-	4	5	5
Public safety		1,197	1,242	1,454	2,342	2,299	924	2,465	2,618	2,772
Housing		-	-	-	-	-	-	-	-	-
Health		356	301	52,608	801	801	5,038	-	-	-
<i>Economic and environmental services</i>		2,573	2,621	2,721	1,752	1,092	3,498	1,267	1,346	1,425
Planning and development		62	0	75	42	42	30	48	51	54
Road transport		101	5	-	-	-	-	-	-	-
Environmental protection		2,410	2,616	2,646	1,710	1,050	3,468	1,219	1,295	1,371
<i>Trading services</i>		12,619	40,686	16,200	43,336	38,052	29,304	48,113	49,372	52,289
Electricity		6,912	7,078	10,284	30,138	23,017	12,629	28,865	37,728	47,099
Water		2,613	29,534	2,302	10,718	13,344	12,647	16,619	8,853	2,233
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3,094	4,074	3,614	2,479	1,691	4,028	2,628	2,791	2,956
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	91,786	160,339	191,250	224,526	243,294	252,920	269,120	276,709	309,894
Expenditure - Standard										
<i>Governance and administration</i>		39,259	50,480	122,454	68,288	63,712	50,229	75,990	80,701	85,462
Executive and council		22,780	26,196	28,886	40,386	36,061	26,625	43,090	45,762	48,462
Budget and treasury office		16,190	23,930	91,141	24,640	24,282	21,971	28,786	30,571	32,375
Corporate services		289	353	2,427	3,262	3,368	1,633	4,113	4,368	4,626
<i>Community and public safety</i>		12,268	12,981	20,475	26,429	25,076	19,686	31,769	33,739	35,730
Community and social services		5,907	3,514	6,583	9,598	8,435	4,870	8,887	9,438	9,995
Sport and recreation		1,686	3,015	3,747	4,312	4,293	3,541	4,726	5,019	5,315
Public safety		4,023	5,686	9,294	11,479	11,321	10,381	17,053	18,110	19,179
Housing		-	-	-	-	-	-	-	-	-
Health		653	766	850	1,040	1,027	895	1,104	1,172	1,241
<i>Economic and environmental services</i>		16,127	17,242	17,328	25,618	24,572	18,896	31,812	33,784	35,777
Planning and development		2,536	3,443	4,380	6,582	6,363	4,710	10,355	10,997	11,645
Road transport		6,565	7,231	8,091	11,882	11,457	10,735	14,067	14,940	15,821
Environmental protection		7,026	6,569	4,857	7,154	6,752	3,452	7,390	7,848	8,311
<i>Trading services</i>		21,746	51,768	55,743	54,165	57,477	53,137	71,549	80,146	90,216
Electricity		11,066	12,296	19,023	29,507	29,468	24,440	35,536	41,870	49,643
Water		5,616	34,730	34,004	18,654	22,073	26,133	29,508	31,368	33,258
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		5,063	4,742	2,716	6,004	5,936	2,564	6,505	6,909	7,316
<i>Other</i>	4	1	6	67	9	12	4	-	-	-
Total Expenditure - Standard	3	89,401	132,476	216,067	174,510	170,849	141,954	211,120	228,371	247,186
Surplus/(Deficit) for the year		2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708

Table A2A – Detail budgeted financial performance by vote

MP301 Albert Luthuli - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
Revenue - Standard										
<i>Municipal governance and administration</i>		74,766	115,204	118,080	176,131	200,877	213,967	217,091	223,177	253,200
Executive and council		34	247	372	1,067	1,072	281	751	798	845
Mayor and Council		23	55	(13)	331	331	(44)	-	-	-
Municipal Manager		11	192	385	736	741	325	751	798	845
Budget and treasury office		74,399	114,643	117,379	174,681	199,417	213,251	216,282	222,318	252,290
Corporate services		333	313	329	383	388	436	58	61	65
Human Resources		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Property Services		333	313	329	383	388	436	58	61	65
Other Admin		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,828	1,828	54,249	3,308	3,273	6,150	2,650	2,814	2,980
Community and social services		271	284	187	161	169	189	181	192	203
Libraries and Archives		1	1	1	1	1	1	1	1	1
Museums & Art Galleries etc		-	-	-	-	-	-	-	-	-
Community halls and Facilities		71	73	80	81	69	64	73	77	82
Cemeteries & Crematoriums		30	132	105	76	97	119	97	103	109
Child Care		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Other Community		169	78	1	3	2	5	9	10	10
Other Social		-	-	-	-	-	-	-	-	-
Sport and recreation		4	-	-	4	4	-	4	5	5
Public safety		1,197	1,242	1,454	2,342	2,299	924	2,465	2,618	2,772
Police		1,197	1,242	1,454	2,311	2,283	924	2,448	2,600	2,753
Fire		-	1	0	31	16	-	17	18	19
Civil Defence		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		356	301	52,608	801	801	5,038	-	-	-
Clinics		356	301	52,608	801	801	5,038	-	-	-
Ambulance		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2,573	2,621	2,721	1,752	1,092	3,498	1,267	1,346	1,425
Planning and development		62	0	75	42	42	30	48	51	54
Economic Development/Planning		62	0	75	42	42	30	48	51	54
Town Planning/Building		-	-	-	-	-	-	-	-	-
Licensing & Regulation		-	-	-	-	-	-	-	-	-
Road transport		101	5	-	-	-	-	-	-	-
Roads		101	5	-	-	-	-	-	-	-
Public Buses		-	-	-	-	-	-	-	-	-
Parking Garages		-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Environmental protection		2,410	2,616	2,646	1,710	1,050	3,468	1,219	1,295	1,371
Pollution Control		-	-	-	-	-	-	-	-	-
Biodiversity & Landscape		-	-	-	-	-	-	-	-	-
Other		2,410	2,616	2,646	1,710	1,050	3,468	1,219	1,295	1,371
<i>Trading services</i>		12,619	40,686	16,200	43,336	38,052	29,304	48,113	49,372	52,289
Electricity		6,912	7,078	10,284	30,138	23,017	12,629	28,865	37,728	47,099
Electricity Distribution		6,912	7,078	10,284	30,138	23,017	12,629	28,865	37,728	47,099
Electricity Generation		-	-	-	-	-	-	-	-	-
Water		2,613	29,534	2,302	10,718	13,344	12,647	16,619	8,853	2,233
Water Distribution		2,613	29,534	2,302	10,718	13,344	12,647	16,619	8,853	2,233
Water Storage		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Sewerage		-	-	-	-	-	-	-	-	-
Storm Water Management		-	-	-	-	-	-	-	-	-
Public Toilets		-	-	-	-	-	-	-	-	-
Waste management		3,094	4,074	3,614	2,479	1,691	4,028	2,628	2,791	2,956
Solid Waste		3,094	4,074	3,614	2,479	1,691	4,028	2,628	2,791	2,956
<i>Other</i>		-	-	-	-	-	-	-	-	-
Air Transport		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	91,786	160,339	191,250	224,526	243,294	252,920	269,120	276,709	309,894

MP301 Albert Luthuli - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
Expenditure - Standard										
<i>Municipal governance and administration</i>		39,259	50,480	122,454	68,288	63,712	50,229	75,990	80,701	85,462
Executive and council		22,780	26,196	28,886	40,386	36,061	26,625	43,090	45,762	48,462
Mayor and Council		13,699	16,628	18,336	26,917	23,698	15,353	30,458	32,347	34,255
Municipal Manager		9,080	9,568	10,550	13,469	12,363	11,272	12,632	13,415	14,207
Budget and treasury office		16,190	23,930	91,141	24,640	24,282	21,971	28,786	30,571	32,375
Corporate services		289	353	2,427	3,262	3,368	1,633	4,113	4,368	4,626
Human Resources		-	-	-	-	-	-	-	-	-
Information Technology		-	267	421	686	971	921	1,816	1,928	2,042
Property Services		289	99	15	409	257	-	23	25	26
Other Admin		-	(13)	1,991	2,166	2,141	712	2,274	2,415	2,558
<i>Community and public safety</i>		12,268	12,981	20,475	26,429	25,076	19,686	31,769	33,739	35,730
Community and social services		5,907	3,514	6,583	9,598	8,435	4,870	8,887	9,438	9,995
Libraries and Archives		784	611	847	1,271	1,153	804	1,251	1,328	1,407
Museums & Art Galleries etc		-	-	-	-	-	-	-	-	-
Community halls and Facilities		1,946	877	1,889	1,970	1,803	998	1,926	2,045	2,166
Cemeteries & Crematoriums		511	387	792	2,763	2,096	796	1,802	1,914	2,027
Child Care		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Other Community		2,665	1,639	3,056	3,594	3,383	2,272	3,908	4,151	4,396
Other Social		-	-	-	-	-	-	-	-	-
Sport and recreation		1,686	3,015	3,747	4,312	4,293	3,541	4,726	5,019	5,315
Public safety		4,023	5,686	9,294	11,479	11,321	10,381	17,053	18,110	19,179
Police		3,710	4,815	7,080	8,725	8,696	8,153	12,411	13,181	13,959
Fire		260	760	1,932	2,411	2,282	1,972	4,256	4,520	4,786
Civil Defence		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Other		52	111	282	342	343	256	386	410	434
Housing		-	-	-	-	-	-	-	-	-
Health		653	766	850	1,040	1,027	895	1,104	1,172	1,241
Clinics		653	766	850	1,040	1,027	895	1,104	1,172	1,241
Ambulance		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16,127	17,242	17,328	25,618	24,572	18,896	31,812	33,784	35,777
Planning and development		2,536	3,443	4,380	6,582	6,363	4,710	10,355	10,997	11,645
Economic Development/Planning		2,536	3,443	4,380	6,582	6,363	4,710	10,355	10,997	11,645
Town Planning/Building		-	-	-	-	-	-	-	-	-
Licensing & Regulation		-	-	-	-	-	-	-	-	-
Road transport		6,565	7,231	8,091	11,882	11,457	10,735	14,067	14,940	15,821
Roads		6,565	7,231	8,091	11,882	11,457	10,735	14,067	14,940	15,821
Public Buses		-	-	-	-	-	-	-	-	-
Parking Garages		-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Environmental protection		7,026	6,569	4,857	7,154	6,752	3,452	7,390	7,848	8,311
Pollution Control		-	-	-	-	-	-	-	-	-
Biodiversity & Landscape		-	-	-	-	-	-	-	-	-
Other		7,026	6,569	4,857	7,154	6,752	3,452	7,390	7,848	8,311
<i>Trading services</i>		21,746	51,768	55,743	54,165	57,477	53,137	71,549	80,146	90,216
Electricity		11,066	12,296	19,023	29,507	29,468	24,440	35,536	41,870	49,643
Electricity Distribution		11,066	12,296	19,023	29,507	29,468	24,440	35,536	41,870	49,643
Electricity Generation		-	-	-	-	-	-	-	-	-
Water		5,616	34,730	34,004	18,654	22,073	26,133	29,508	31,368	33,258
Water Distribution		5,616	34,730	34,004	18,654	22,073	26,133	29,508	31,368	33,258
Water Storage		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Sewerage		-	-	-	-	-	-	-	-	-
Storm Water Management		-	-	-	-	-	-	-	-	-
Public Toilets		-	-	-	-	-	-	-	-	-
Waste management		5,063	4,742	2,716	6,004	5,936	2,564	6,505	6,909	7,316
Solid Waste		5,063	4,742	2,716	6,004	5,936	2,564	6,505	6,909	7,316
<i>Other</i>		1	6	67	9	12	4	-	-	-
Air Transport		1	6	67	9	12	4	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	89,401	132,476	216,067	174,510	170,849	141,954	211,120	228,371	247,186
Surplus/(Deficit) for the year		2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708

Table A3 - Budgeted financial performance by municipal vote

MP301 Albert Luthuli - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
		Outcome	Outcome	Outcome	Budget	Budget	Forecast	2010/11	+1 2011/12	+2 2012/13
R thousand										
Revenue by Vote	1									
Vote1 - Planning and Economic Development		62	0	75	42	42	30	48	51	54
Vote2 - Corporate Services		415	578	794	1,200	1,198	825	882	937	992
Vote3 - Community Services		2,971	3,129	55,360	2,596	1,955	8,631	1,331	1,414	1,497
Vote4 - Finance		74,399	114,643	117,379	174,681	199,417	213,251	216,282	222,318	252,290
Vote5 - Public Safety		1,197	1,242	1,454	2,342	2,299	924	2,465	2,618	2,772
Vote6 - Technical Services		12,720	40,690	16,200	43,336	38,052	29,304	48,113	49,372	52,289
Vote7 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote8 - Council General		23	55	(13)	331	331	(44)	-	-	-
Vote9 - Work in Progress		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	91,786	160,339	191,250	224,526	243,294	252,920	269,120	276,709	309,894
Expenditure by Vote to be appropriated	1									
Vote1 - Planning and Economic Development		4,448	5,466	5,508	9,185	8,939	7,476	13,339	14,166	15,002
Vote2 - Corporate Services		9,403	8,788	11,745	13,931	12,816	10,424	13,412	14,243	15,084
Vote3 - Community Services		13,325	12,987	14,149	20,134	18,704	11,759	20,181	21,432	22,696
Vote4 - Finance		15,612	23,611	90,238	23,266	23,009	20,792	27,291	28,983	30,693
Vote5 - Public Safety		4,023	5,686	9,294	11,479	11,321	10,381	17,053	18,110	19,179
Vote6 - Technical Services		28,312	58,992	65,892	67,381	70,288	64,584	87,053	96,612	107,653
Vote7 - Internal Audit		578	320	903	2,216	2,072	1,183	2,333	2,478	2,624
Vote8 - Council General		13,699	16,628	18,336	26,917	23,698	15,353	30,458	32,347	34,255
Vote9 - Work in Progress		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	89,401	132,476	216,067	174,510	170,849	141,954	211,120	228,371	247,186
Surplus/(Deficit) for the year	2	2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708

Table A4 – Budgeted financial performance by revenue source & expenditure type

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)

Table 10: Budgeted Financial Performance (Revenue and Expenditure)										
Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
Revenue By Source										
Property rates	2	13,284	14,588	18,099	21,340	21,340	26,582	26,570	28,217	29,882
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	6,203	7,089	9,842	31,937	24,712	12,451	30,772	39,753	49,244
Service charges - water revenue	2	1,378	2,167	1,843	3,159	2,371	2,259	3,320	3,526	3,734
Service charges - sanitation revenue	2	2,695	974	3,764	3,617	2,829	5	3,835	4,072	4,313
Service charges - refuse revenue	2	1,991	867	2,787	3,028	2,368	10	2,537	2,694	2,853
Service charges - other		-	4,851		688	788	-	729	774	820
Rental of facilities and equipment		375	375	501	441	434	486	135	143	152
Interest earned - external investments		5,153	7,523	6,292	4,271	4,271	2,372	4,698	4,990	5,284
Interest earned - outstanding debtors		4,160	12,797	18,834	10,358	10,358	15,614	11,083	11,770	12,465
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	139	183	524	509	106	540	573	607
Licences and permits		-	498	24	947	939	666	1,004	1,066	1,129
Agency services		-	450	1,170	841	841		891	947	1,002
Transfers recognised - operational		54,591	89,556	126,314	105,688	111,390	111,607	137,614	143,234	149,881
Other revenue	2	1,956	18,465	1,598	(12,330)	(12,301)	8,316	(12,607)	(13,389)	(14,179)
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		91,786	160,339	191,250	174,510	170,849	180,474	211,120	228,371	247,186
Expenditure By Type										
Employee related costs	2	26,790	38,966	46,821	62,883	65,510	59,160	72,516	77,012	81,556
Remuneration of councillors		8,535	8,208	9,226	10,573	10,478	9,773	11,353	12,056	12,768
Debt impairment	3	-	20,337	65,811	9,238	9,238	2,809	11,892	12,630	13,375
Depreciation & asset impairment	2	-	-	18,225	19,426	18,418	10,019	22,774	24,186	25,613
Finance charges		-	47	34	-	-	-	-	-	-
Bulk purchases	2	7,718	8,657	12,259	17,015	17,015	14,962	21,535	27,031	33,968
Other materials	8	-	-	-	-	-	-	-	-	-
Contracted services		3,598	4,193	6,514	9,549	10,929	7,798	15,187	16,129	17,081
Transfers and grants		-	-	-	304	204	18	216	229	243
Other expenditure	4, 5	42,760	52,068	57,177	45,521	39,057	37,414	55,646	59,096	62,583
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		89,401	132,476	216,067	174,510	170,849	141,954	211,120	228,371	247,186
Surplus/(Deficit)		2,385	27,862	(24,816)	-	0	38,521	0	0	0
Transfers recognised - capital		-	-	-	50,017	72,446	72,446	58,000	48,339	62,708
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708

Chart 1 – Revenue by major source

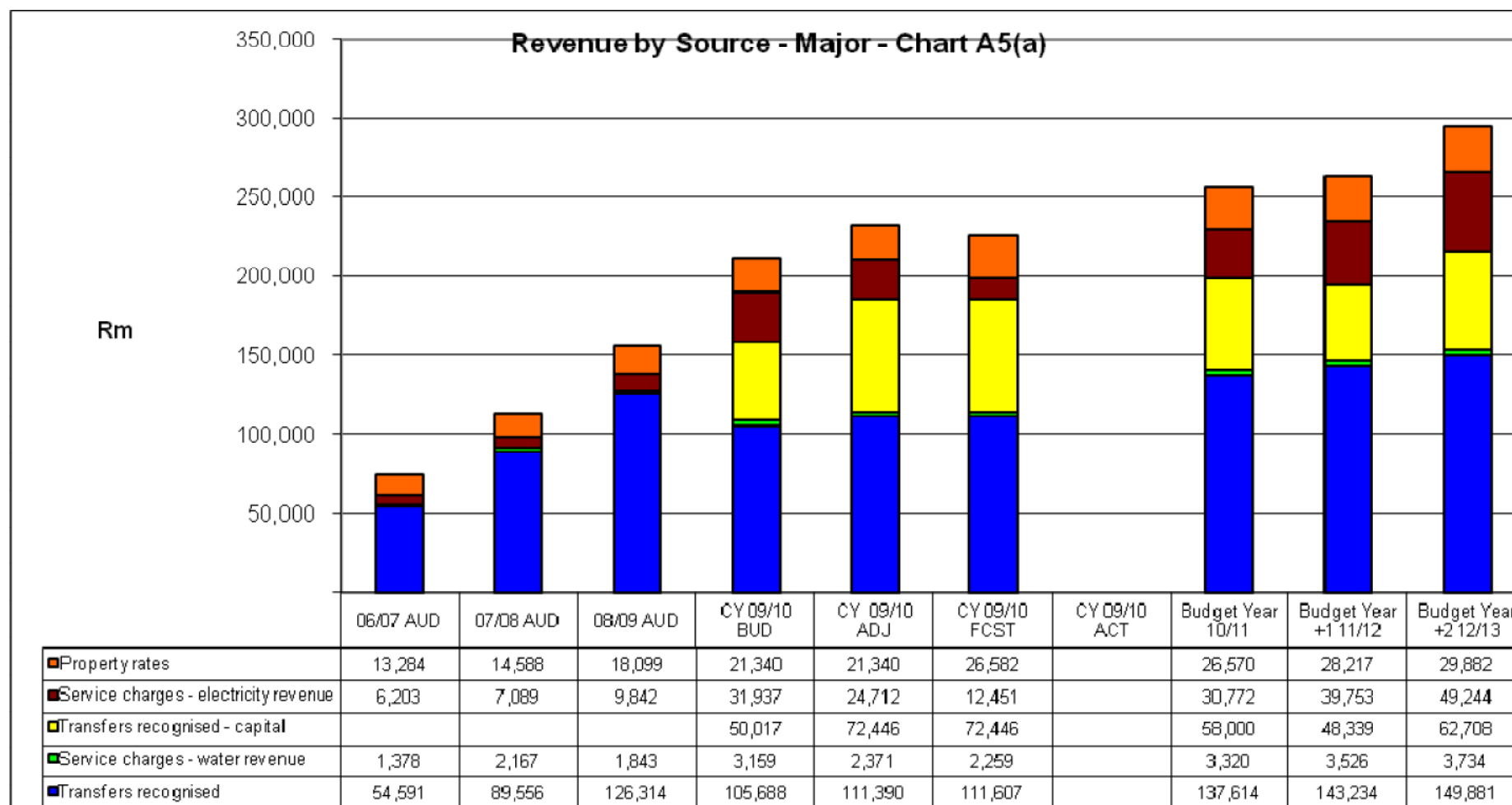


Chart 2 – Other revenue

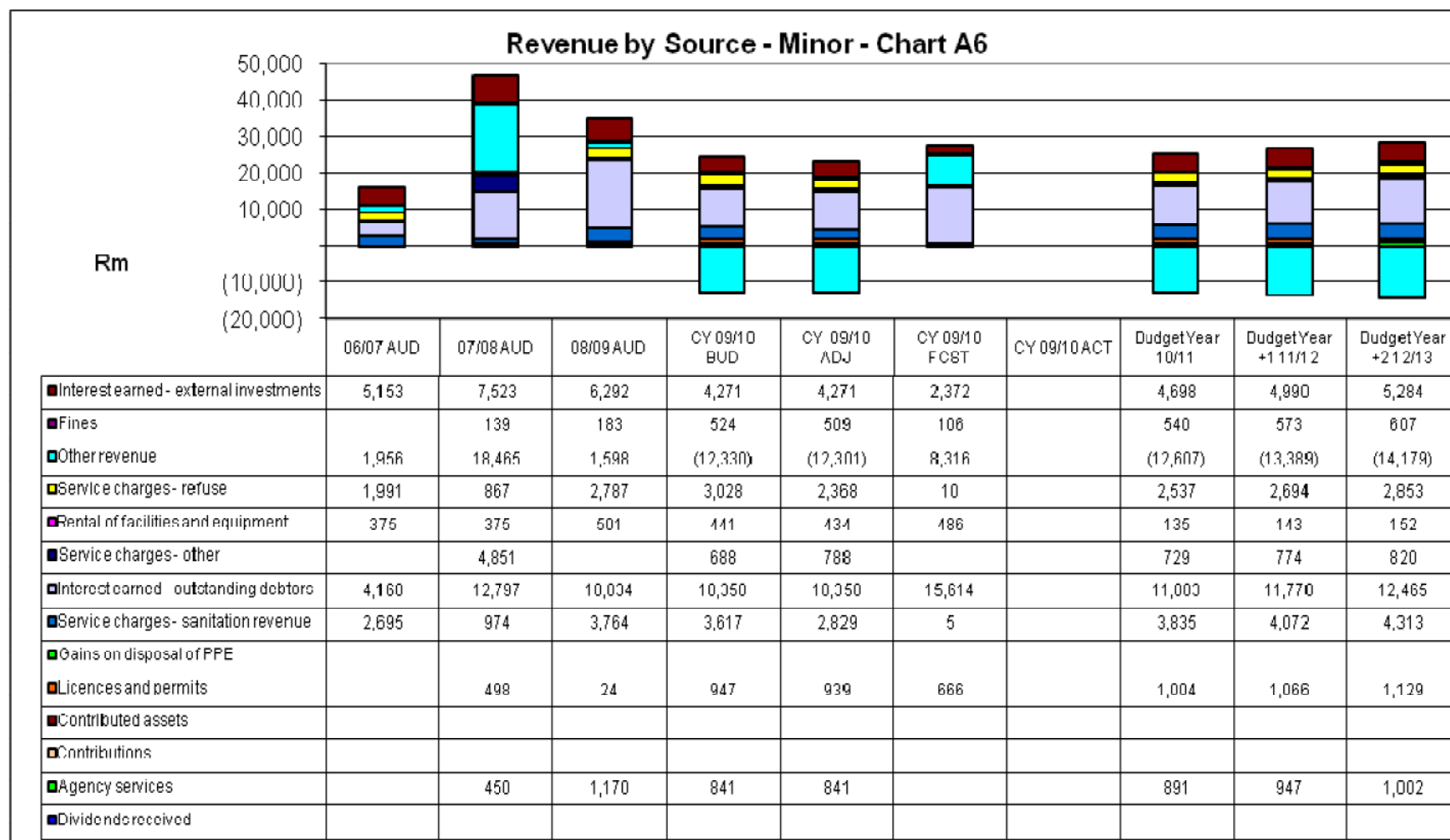
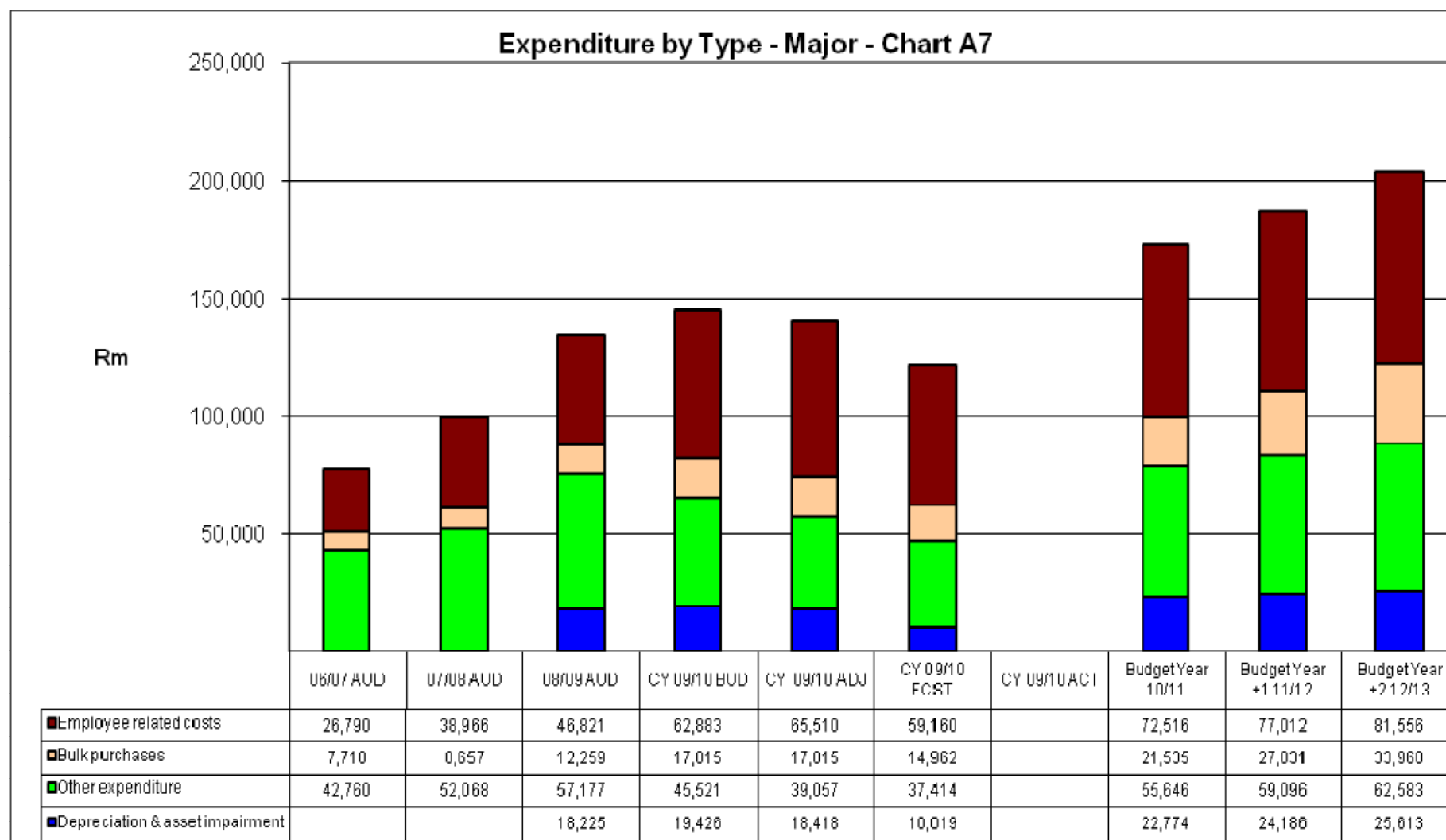


Chart 3 – Operating expenditure by type



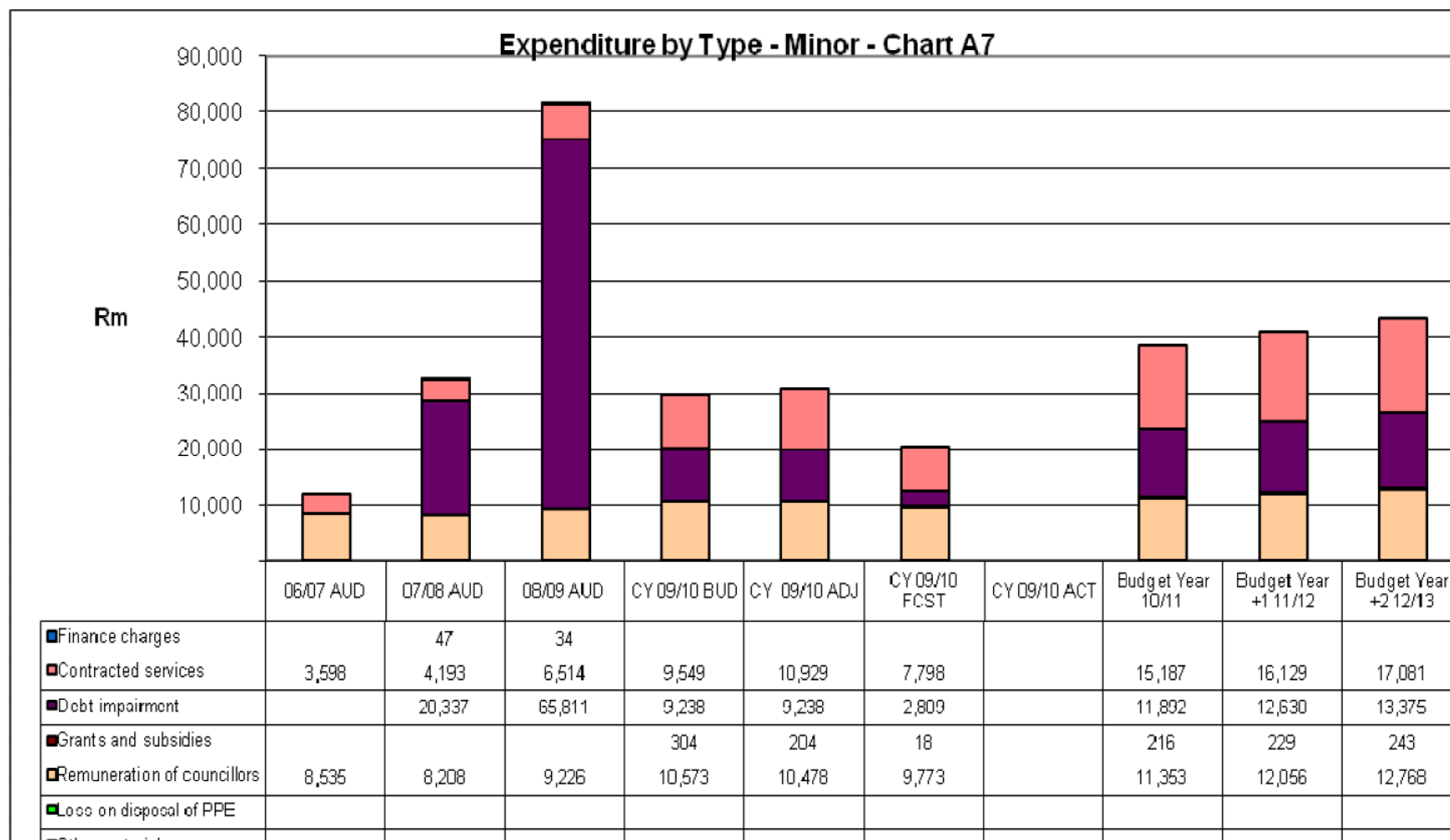


Chart 4 – Operating Expenditure by municipal vote

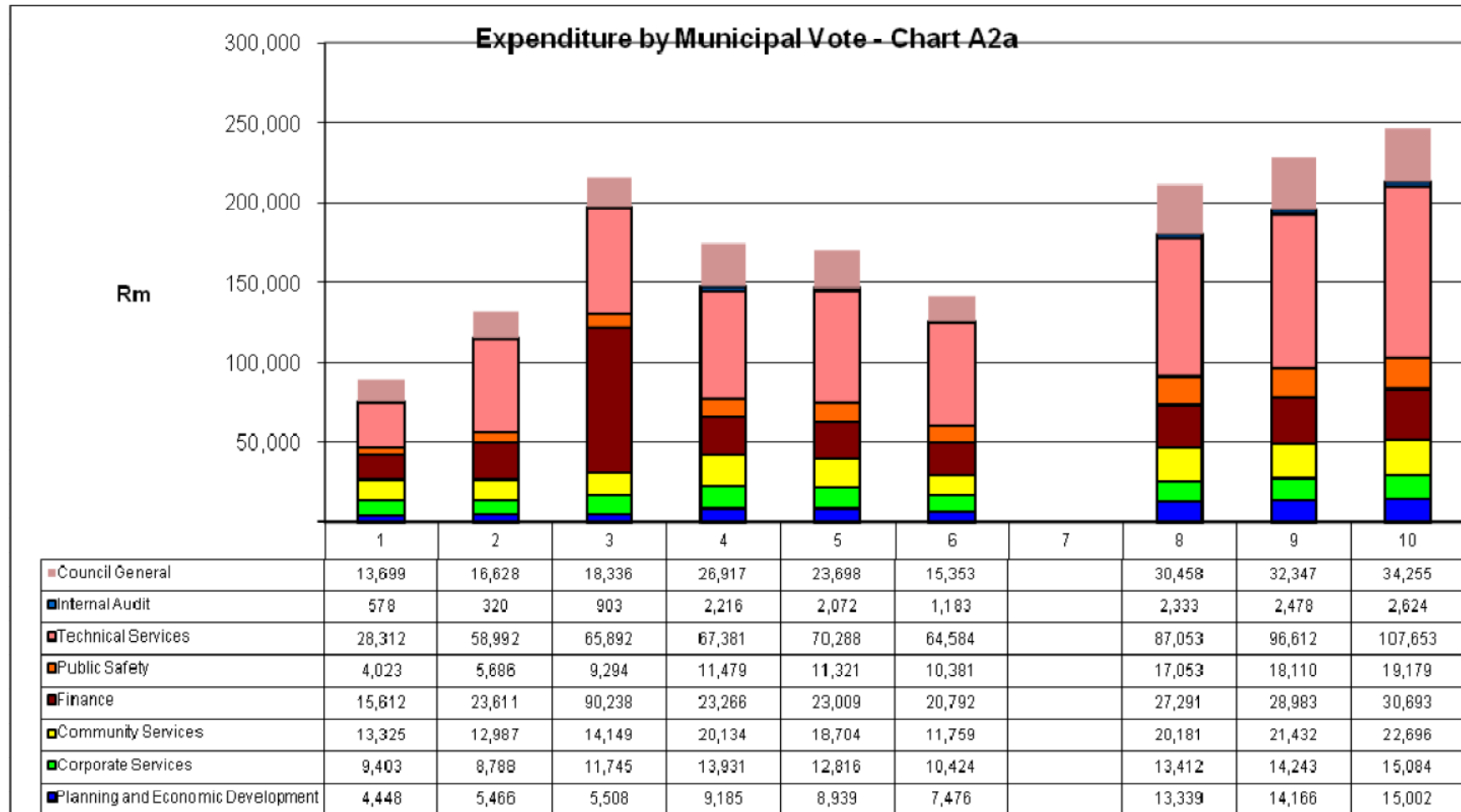


Chart 5 –Operating expenditure by standard classification

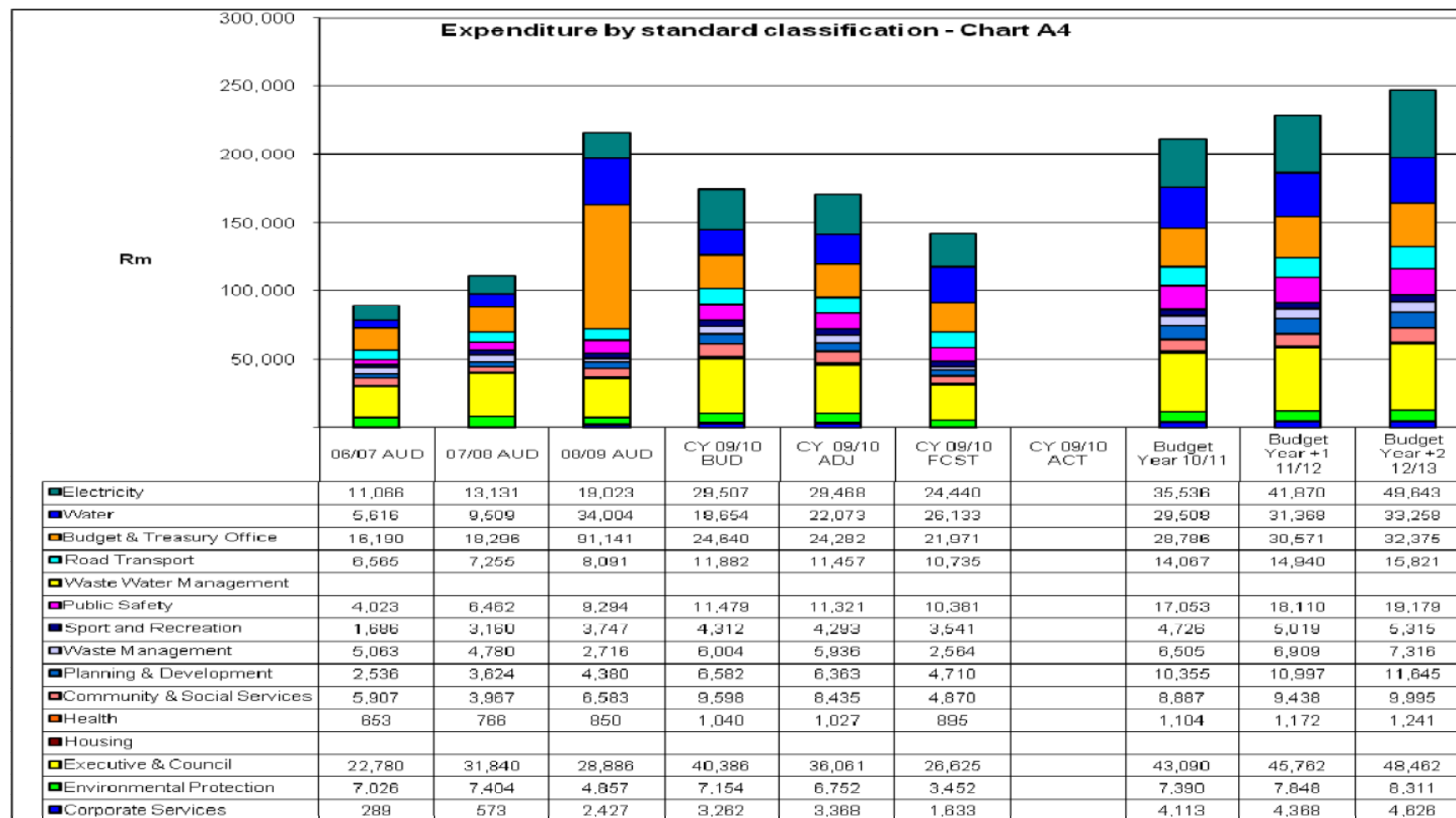


Table A5 – Budgeted capital expenditure by vote

MP301 Albert Luthuli - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital expenditure - Vote										
Multi-year expenditure to be appropriated	2									
Vote1 - Planning and Economic Development		69	186	44	190	20	20	250	100	106
Vote2 - Corporate Services		407	1,622	1,337	453	651	651	784	403	427
Vote3 - Community Services		2,319	2,942	3,137	3,528	3,248	3,248	3,442	3,900	4,130
Vote4 - Finance		289	602	253	1,778	1,716	1,716	471	1,542	1,633
Vote5 - Public Safety		29	776	897	638	541	541	6,453	2,739	2,901
Vote6 - Technical Services		6,741	24,701	22,065	23,030	24,169	24,169	78,564	7,417	7,855
Vote7 - Internal Audit		-	13	25	92	53	53	79	100	106
Vote8 - Council General		419	59	28	111	115	115	377	113	120
Vote9 - Work in Progress		26,340	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	36,612	30,901	27,785	29,819	30,513	30,513	90,419	16,315	17,278
Single-year expenditure to be appropriated	2									
Vote1 - Planning and Economic Development		-	-	-	30	10	10	-	-	-
Vote2 - Corporate Services		-	-	-	780	780	780	-	260	-
Vote3 - Community Services		-	-	-	1,773	4,150	4,150	-	-	-
Vote4 - Finance		-	-	-	250	150	150	-	-	-
Vote5 - Public Safety		-	-	-	2,275	2,447	2,447	-	-	-
Vote6 - Technical Services		-	-	-	34,516	53,368	53,368	-	55,095	70,139
Vote7 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote8 - Council General		-	-	-	-	-	-	-	-	-
Vote9 - Work in Progress		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	39,524	60,905	60,905	-	55,355	70,139
Total Capital Expenditure - Vote		36,612	30,901	27,785	69,443	91,418	91,418	90,419	71,670	87,416
Capital Expenditure - Standard										
Governance and administration		1,124	2,283	1,643	3,120	3,186	3,186	1,632	2,298	2,434
Executive and council		419	59	28	506	312	312	377	219	232
Budget and treasury office		423	602	278	2,614	2,875	2,875	471	2,079	2,202
Corporate services		282	1,622	1,337	-	-	-	784	-	-
Community and public safety		1,469	3,718	5,561	5,939	5,589	5,589	9,894	5,550	5,877
Community and social services		1,084	1,056	3,520	2,966	2,542	2,542	3,247	2,469	2,615
Sport and recreation		223	1,886	1,145	60	60	60	195	342	362
Public safety		23	776	897	2,913	2,988	2,988	6,453	2,739	2,901
Housing		139	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1,029	186	2,049	3,723	5,990	5,990	900	2,270	2,404
Planning and development		-	186	44	190	20	20	250	100	106
Road transport		-	-	2,005	500	500	500	650	650	688
Environmental protection		1,029	-	-	3,033	5,470	5,470	-	1,520	1,609
Trading services		32,990	13,892	18,532	56,661	76,653	76,653	77,861	61,552	76,701
Electricity		28,036	7,935	3,080	17,496	18,385	18,385	16,392	8,000	10,000
Water		4,954	5,958	13,829	16,135	29,744	29,744	37,756	47,671	60,474
Waste water management		-	-	1,623	-	-	-	-	-	-
Waste management		-	-	-	23,030	28,524	28,524	23,713	5,881	6,228
Other		-	10,822	-	-	-	-	132	-	-
Total Capital Expenditure - Standard	3	36,612	30,901	27,785	69,443	91,418	91,418	90,419	71,670	87,416
Funded by:										
National Government		-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	58,000	48,339	62,708
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		5,868	-	-	50,017	72,446	72,446	-	-	-
Transfers recognised - capital	4	5,868	-	-	50,017	72,446	72,446	58,000	48,339	62,708
Public contributions & donations	5	27,051	26,229	20,760	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		3,693	4,673	7,025	19,426	18,973	18,973	32,419	23,331	24,708
Total Capital Funding	7	36,612	30,901	27,785	69,443	91,418	91,418	90,419	71,670	87,416

Chart 6 – Capital expenditure by main vote

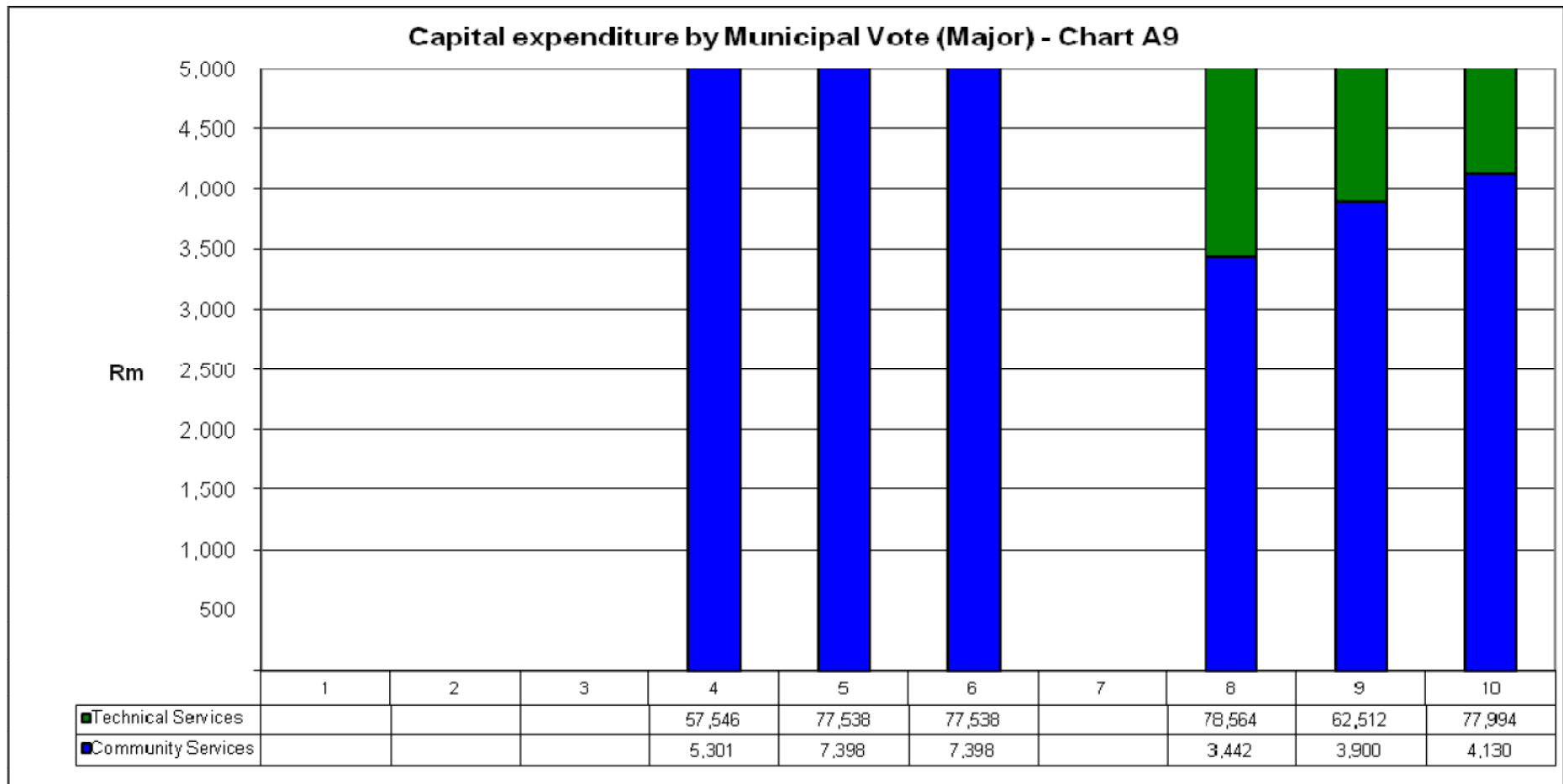


Chart 7 –Other capital expenditure

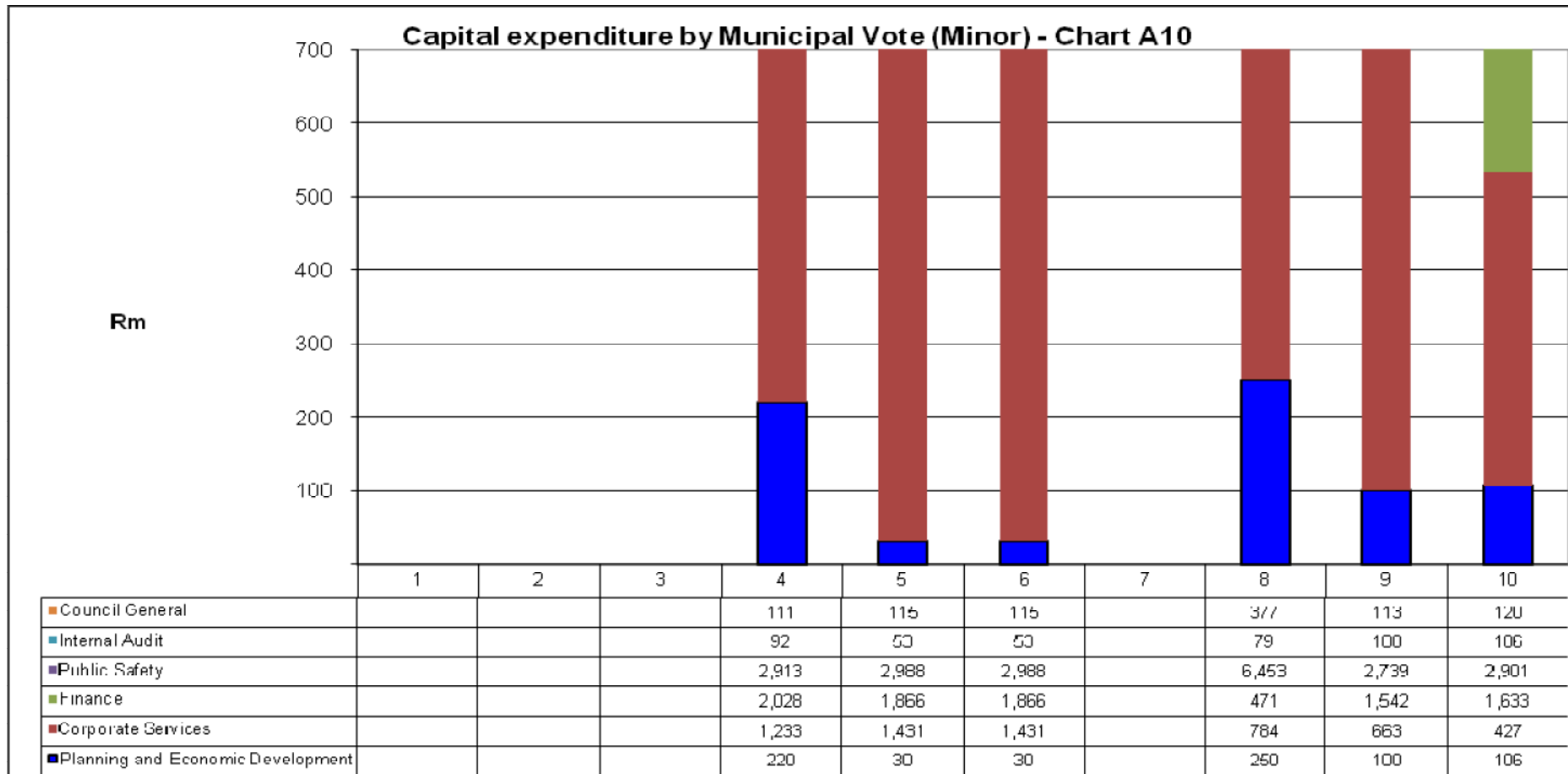


Chart 8 – Capital funding by source

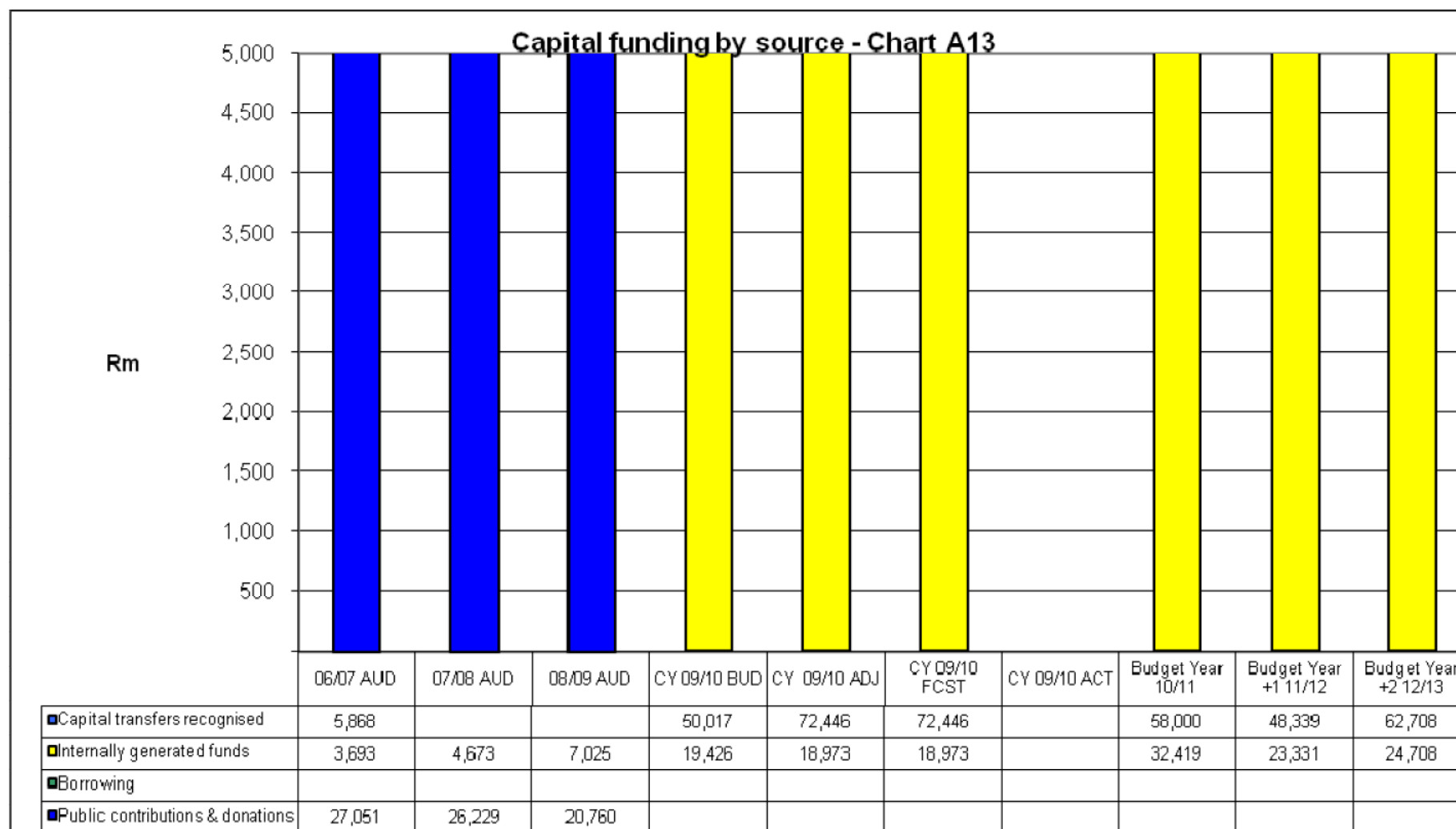


Table A6 – Budgeted financial position

MP301 Albert Luthuli - Table A6 Budgeted Financial Position

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
ASSETS										
Current assets										
Cash		5	6	1	1	1	1	1	1	1
Call investment deposits	1	28,298	21,040	1,560	1,727	1,727	1,653	1,836	2,031	2,237
Consumer debtors	1	24,092	36,293	6,016	36,947	30,861	46,479	41,360	47,722	55,574
Other debtors		2,330	6,945	4,636	4,636	4,636	4,636	4,636	4,636	4,636
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–
Inventory	2	226	450	249	249	249	249	249	249	249
Total current assets		54,951	64,734	12,463	43,561	37,475	53,018	48,083	54,639	62,697
Non current assets										
Long-term receivables		3	–	–	–	–	–	–	–	–
Investments		31,920	34,793	38,441	42,546	42,546	40,721	45,236	50,031	55,109
Investment property		–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	11,013	261,576	482,541	532,557	555,541	563,940	631,584	679,068	740,870
Agricultural		–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–
Intangible		–	–	–	–	–	–	–	–	–
Other non-current assets		–	273	–	–	–	–	–	–	–
Total non current assets		42,936	296,642	520,982	575,103	598,087	604,661	676,820	729,098	795,979
TOTAL ASSETS		97,887	361,376	533,445	618,664	635,562	657,679	724,903	783,738	858,676
LIABILITIES										
Current liabilities										
Bank overdraft	1	6,871	11,810	598	21,813	20,175	9,206	(1,888)	(4,703)	(7,033)
Borrowing	4	–	107	57	57	57	57	57	57	57
Consumer deposits		603	564	580	580	580	580	580	580	580
Trade and other payables	4	37,066	22,149	27,446	34,364	33,172	31,780	43,983	48,675	54,108
Provisions		3,738	793	2,012	9,081	6,381	2,338	10,454	19,073	28,201
Total current liabilities		48,278	35,421	30,693	65,895	60,364	43,961	53,185	63,681	75,912
Non current liabilities										
Borrowing		–	176	119	119	119	119	119	119	119
Provisions		–	–	–	–	–	–	–	–	–
Total non current liabilities		–	176	119	119	119	119	119	119	119
TOTAL LIABILITIES		48,278	35,597	30,812	66,014	60,484	44,080	53,304	63,800	76,031
NET ASSETS	5	49,610	325,779	502,633	552,649	575,078	613,599	671,599	719,937	782,645
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		43,721	317,975	481,838	531,854	554,283	592,804	650,804	699,142	761,850
Reserves	4	5,888	7,804	20,795	20,795	20,795	20,795	20,795	20,795	20,795
Minorities' interests		–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	49,610	325,779	502,633	552,649	575,078	613,599	671,599	719,937	782,645

Table A7 – Budgeted cash flow

MP301 Albert Luthuli - Table A7 Budgeted Cash Flows

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		38,254	118,131	152,051	24,381	21,105	23,222	62,035	61,156	70,794
Government - operating	1	-	-	-	105,688	111,390	111,607	137,614	143,234	149,881
Government - capital	1	-	-	-	50,017	72,446	72,446	58,000	48,339	62,708
Interest		9,313	7,523	6,292	4,271	4,271	2,372	4,698	4,990	5,284
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		-	(103,774)	(130,481)	(131,554)	(132,894)	(124,447)	(155,919)	(178,014)	(193,394)
Finance charges		-	(47)	(34)	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	(304)	(204)	(18)	(216)	(229)	(243)
NET CASH FROM/(USED) OPERATING ACTIVITIES		47,567	21,834	27,829	52,499	76,113	85,182	106,212	79,475	95,030
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	220	64	-	-	-	-	-	-
Decrease (increase) other non-current receiv ables		-	(207)	209	-	-	-	-	-	-
Decrease (increase) in non-current investments		(1,975)	(2,872)	(3,649)	(4,104)	(4,104)	(2,280)	(4,515)	(4,795)	(5,078)
Payments										
Capital assets		(36,854)	(31,078)	(32,619)	(69,443)	(91,418)	(91,418)	(90,419)	(71,670)	(87,416)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(38,829)	(33,937)	(35,995)	(73,547)	(95,523)	(93,698)	(94,934)	(76,465)	(92,494)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		8	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	(92)	(107)	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		8	(92)	(107)	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		8,745	(12,196)	(8,273)	(21,049)	(19,410)	(8,516)	11,277	3,010	2,536
Cash/cash equivalents at the year begin:	2	12,687	21,432	9,236	964	964	964	(7,552)	3,725	6,735
Cash/cash equivalents at the year end:	2	21,432	9,236	964	(20,085)	(18,446)	(7,552)	3,725	6,735	9,271

Table A8 – Cash back reserves / accumulated surplus reconciliation

MP301 Albert Luthuli - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Cash and investments available										
Cash/cash equivalents at the year end	1	21,432	9,236	964	(20,085)	(18,446)	(7,552)	3,725	6,735	9,271
Other current investments > 90 days		–	(0)	(0)	(0)	(0)	(0)	(0)	0	0
Non current assets - Investments	1	31,920	34,793	38,441	42,546	42,546	40,721	45,236	50,031	55,109
Cash and investments available:		53,352	44,029	39,405	22,461	24,100	33,169	48,961	56,767	64,380
Application of cash and investments										
Unspent conditional transfers		15,033	13,717	8,026	8,026	8,026	8,026	8,026	8,026	8,026
Unspent borrowing		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Statutory requirements	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other working capital requirements	3	6,643	(48,643)	4,748	19,146	19,188	15,328	(1,944)	4,990	4,462
Other provisions		3,738	793	2,012	9,081	6,381	2,338	10,454	19,073	28,201
Long term investments committed	4	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Application of cash and investments:		25,414	(34,134)	14,786	36,253	33,595	25,692	16,536	32,089	40,689
Surplus(shortfall)		27,938	78,162	24,619	(13,792)	(9,496)	7,477	32,426	24,678	23,692

N/A – Information is not available

Table A9 – Asset management

MP301 Albert Luthuli - Table A9 Asset Management

Description		Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CAPITAL EXPENDITURE											
Total New Assets		1	36,612	30,901	19,313	69,443	91,418	91,418	90,419	71,670	87,416
Infrastructure - Road transport			—	—	2,005	500	1,374	1,374	650	650	688
Infrastructure - Electricity			28,036	7,935	2,808	15,996	16,885	16,885	14,802	3,800	4,025
Infrastructure - Water			4,954	5,958	4,936	14,820	21,035	21,035	35,675	46,927	49,696
Infrastructure - Sanitation			—	—	—	22,730	34,244	34,244	23,395	500	530
Infrastructure - Other			12	805	—	5,191	7,788	7,788	—	32	34
Infrastructure			33,002	14,697	9,749	59,237	81,326	81,326	74,522	51,909	54,972
Community			2,839	15,887	—	404	431	431	3,511	419	443
Heritage assets			—	317	285	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets		6	770	—	9,279	9,802	9,661	9,661	12,387	19,342	32,001
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets		2	—	14	11,011	—	7,382	—	—	—	—
Infrastructure - Road transport			—	—	—	—	—	—	—	—	—
Infrastructure - Electricity			—	—	—	—	—	—	—	—	—
Infrastructure - Water			—	14	9,918	—	7,382	—	—	—	—
Infrastructure - Sanitation			—	—	—	—	—	—	—	—	—
Infrastructure - Other			—	—	—	—	—	—	—	—	—
Infrastructure			—	14	9,918	—	7,382	—	—	—	—
Community			—	—	1,092	—	—	—	—	—	—
Heritage assets			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets		6	—	—	—	—	—	—	—	—	—
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
Total Capital Expenditure		4	—	—	2,005	500	1,374	1,374	650	650	688
Infrastructure - Road transport			—	—	—	—	—	—	—	—	—
Infrastructure - Electricity			28,036	7,935	2,808	15,996	16,885	16,885	14,802	3,800	4,025
Infrastructure - Water			4,954	5,972	14,854	14,820	28,416	21,035	35,675	46,927	49,696
Infrastructure - Sanitation			—	—	—	22,730	34,244	34,244	23,395	500	530
Infrastructure - Other			12	805	—	5,191	7,788	7,788	—	32	34
Infrastructure			33,002	14,711	19,668	59,237	88,707	81,326	74,522	51,909	54,972
Community			2,839	15,887	1,092	404	431	431	3,511	419	443
Heritage assets			—	317	285	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets		6	770	—	9,279	9,802	9,661	9,661	12,387	19,342	32,001
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class		2	36,612	30,915	30,324	69,443	98,800	91,418	90,419	71,670	87,416
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport			—	—	—	500	1,374	1,374	2,024	2,674	3,362
Infrastructure - Electricity			—	29,952	—	15,996	16,885	16,885	31,687	35,488	39,512
Infrastructure - Water			—	93,483	—	14,820	21,035	21,035	56,710	103,637	153,332
Infrastructure - Sanitation			—	54,668	—	22,730	34,244	34,244	57,639	58,139	58,669
Infrastructure - Other			—	7,612	443,225	448,416	451,013	451,013	451,013	451,045	451,079
Infrastructure			—	185,716	443,225	502,462	524,551	524,551	599,073	650,983	705,954
Community			—	18,273	6,514	6,918	6,946	6,946	10,456	10,875	11,318
Heritage assets			—	—	—	(19,426)	(18,418)	(10,019)	(32,794)	(56,980)	(82,593)
Investment properties			—	—	—	—	—	—	—	—	—
Other assets			11,013	57,588	32,801	42,603	42,462	42,462	54,848	74,190	106,192
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	11,013	261,576	482,541	532,557	555,541	563,940	631,584	679,068	740,871
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment			—	—	18,225	19,426	18,418	10,019	22,774	24,186	25,613
Repairs and Maintenance by Asset Class		3	2,980	2,182	7,310	10,882	9,296	9,409	12,347	13,112	13,886
Infrastructure - Road transport			169	289	399	1,028	1,327	1,034	2,311	2,455	2,600
Infrastructure - Electricity			1,067	580	2,601	3,990	3,990	2,662	4,312	4,579	4,850
Infrastructure - Water			7	680	659	790	900	3,507	1,500	1,593	1,687
Infrastructure - Sanitation			—	—	—	—	—	—	—	—	—
Infrastructure - Other			—	—	—	—	—	—	—	—	—
Infrastructure			1,243	1,549	3,658	5,808	6,217	7,203	8,123	8,627	9,136
Community			—	—	—	—	—	—	—	—	—
Heritage assets			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets		6, 7	1,737	633	3,651	5,075	3,079	2,205	4,223	4,485	4,750
TOTAL EXPENDITURE OTHER ITEMS			2,980	2,182	25,535	30,308	27,713	19,428	35,121	37,298	39,499
% of capital exp on renewal of assets			0.0%	0.0%	57.0%	0.0%	8.1%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"			0.0%	0.0%	60.4%	0.0%	40.1%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE			27.1%	0.8%	1.5%	2.0%	1.7%	1.7%	2.0%	1.9%	1.9%
Renewal and R&M as a % of PPE			27.0%	1.0%	4.0%	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%

Chart 9 – Capital expenditure by standard classification

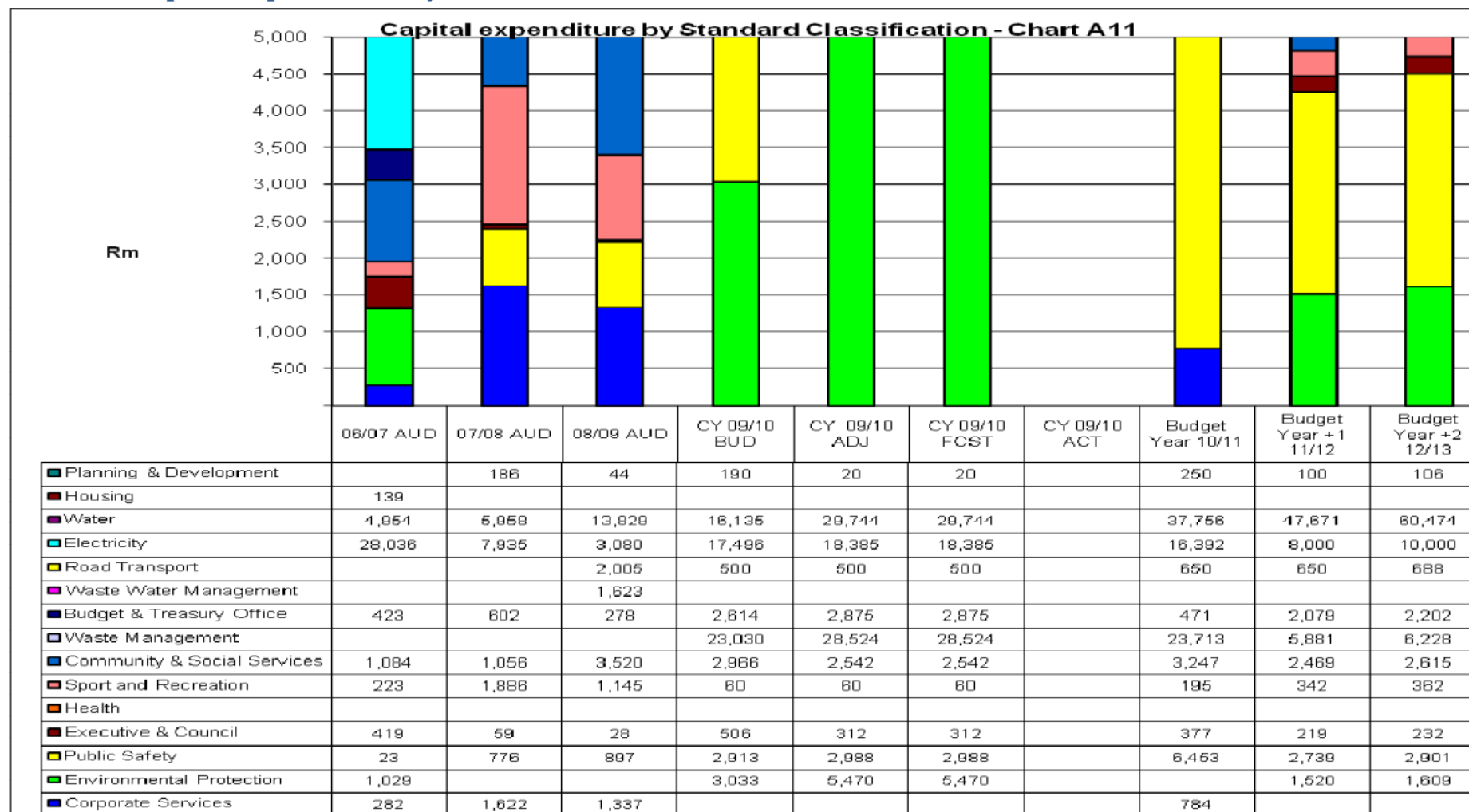


Table A10 – Basic Service Delivery Measurement

MP301 Albert Luthuli - Table A10 Basic service delivery measurement

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Household service targets (000)	1									
Water:										
Piped water inside dwelling		N/A	11	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Piped water inside yard (but not in dwelling)		N/A	20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Using public tap (at least min.service level)	2	N/A	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other water supply (at least min.service level)	4	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Minimum Service Level and Above sub-total</i>		-	39	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other water supply (< min.service level)	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No water supply		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	39	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		N/A	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Flush toilet (with septic tank)		N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chemical toilet		N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pit toilet (ventilated)		N/A	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other toilet provisions (> min.service level)		N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Minimum Service Level and Above sub-total</i>		-	18	-	-	-	-	-	-	-
Bucket toilet		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other toilet provisions (< min.service level)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No toilet provisions		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	18	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		N/A	36	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electricity - prepaid (min.service level)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Minimum Service Level and Above sub-total</i>		-	36	-	-	-	-	-	-	-
Electricity (< min.service level)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electricity - prepaid (< min. service level)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other energy sources		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	36	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		6	N/A	6	7	7	7	13	21	29
<i>Minimum Service Level and Above sub-total</i>		6	-	6	7	7	7	13	21	29
Removed less frequently than once a week		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Using communal refuse dump		N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Using own refuse dump		N/A	28	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other rubbish disposal		N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No rubbish disposal		35	11	35	37	37	31	31	24	16
<i>Below Minimum Service Level sub-total</i>		35	39	35	37	37	31	31	24	16
Total number of households	5	41	39	41	44	44	38	44	44	44
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sanitation (free minimum level service)		N/A	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Electricity/other energy (50kwh per household per month)		N/A	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Refuse (removed at least once a week)		N/A	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		0	0	0	0	0	0	N/A	N/A	N/A
Sanitation (free sanitation service)		0	0	0	0	0	0	N/A	N/A	N/A
Electricity/other energy (50kwh per household per month)		0	0	0	0	0	0	N/A	N/A	N/A
Refuse (removed once a week)		0	0	0	0	0	0	N/A	N/A	N/A
Total cost of FBS provided (minimum social package)		0	0	0	0	0	0	-	-	-
Highest level of free service provided										
Property rates (R'000 value threshold)		N/A	N/A	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)		6KL	6KL	6KL	6KL	6KL	6KL	6KL	6KL	6KL
Sanitation (kilolitres per household per month)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sanitation (Rand per household per month)		15	18	20	21	21	21	-	-	-
Electricity (kwh per household per month)		50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		N/A	N/A	807	838	838	838	N/A	N/A	N/A
Property rates (other exemptions, reductions and rebates)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sanitation		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electricity/other energy		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Refuse		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Municipal Housing - rental rebates		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Housing - top structure subsidies		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total revenue cost of free services provided (total social package)	6	-	-	807	838	838	838	-	-	-

N/A – Information is not available

PART 2

SUPPORTING DOCUMENTS

PART 2

Overview of the budget process

1. Overview of alignment of annual budget with integrated development plan

Supporting table SA4, SA5 and SA6 provides a breakdown of all revenue, operating expenditure and capital expenditure aligned to the goals and actions of the IDP on a high level.

The annual budget is linked to the Six (6) main strategic goals and objectives, which are:

- Infrastructure development and service delivery
- Municipal transformation and institutional development
- Local Economic Development (LED)
- Municipal financial viability
- Good governance and public participation
- Basic Service Delivery

Through the IDP process it was reconfirmed that the municipality is committed to the total well-being of all its citizens through:

- the rendering of affordable, cost effective, accessible, efficient and quality services for present and future customers.
- the maximizing of infrastructural development through the utilisation of all available resources.
- improving the quality of life by co-ordinating gender and social development programmes.
- the implementation of effective management systems and procedures.
- the creation of an enabling environment for LED.
- ensuring effective co-operation with relevant stakeholders.
- to ensure skilled, motivated and committed workforce.
- compliance with the Batho Pele principles.

2. Overview of budget-related policies

The purpose of budget-related and financial policies is to provide a sound environment to manage the financial affairs of the municipality. The following are key budget relating policies:

- Tariff Policy – the policy prescribes the procedures for calculating tariffs. This policy is required in terms of Section 74 of the Local Government Municipal Systems Act, Act 22 of 2000.
- Rates Policy – a policy required by the Municipal Property Rates Act, Act 6 of 2004. This policy provides the framework for the determining of rates. It further ensures certainty and clarity as to amounts payable in respect of property rates.
- Free Basic Services and Indigent Support Policy – to provide access to and regulate free basic services to all indigent households.
- Credit Control and Debt Collection Policy – to provide for credit and debt collection procedures and mechanisms to ensure that all consumers pay for the services that are supplied.

- Budget Policy – this policy set out the principles which must be followed in preparing a medium term revenue and expenditure framework budget. It further ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
- Investment Policy – this policy was compiled in accordance with the Municipal Investment Regulation R308 and ensures that cash resources are managed in the most efficient and effective manner possible.
- Asset Management Policy – the objective of the policy is to prescribe the accounting and administrative procedures relating to property, plant and equipment (assets).
- Supply Chain Management Policy – this policy is developed in terms of Section 111 of the Municipal Finance Management Act, Act 56 of 2003. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost-effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services.

The following policies were reviewed and developed are included under Schedule 4 and will be submitted to Committee on policy and By-law consideration.:

1. Tariff Policy
2. Rates Policy
3. Credit Control and Debt Collection Policy
4. Cash Management and Investment Policy
5. Funding and Reserves Policy
6. Long-term Financial Planning Policy
7. Indigent Policy
8. Free Basic Services Policy
9. Budget Policy
10. Water and Electricity Management Policy
11. Overtime Policy
12. Supply Chain Management Policy
13. Asset Management Policy
14. Borrowing Policy
15. Capital Projects Policy
16. Infrastructure Investment Policy

3. Overview of budget assumptions

The preparation of the 2010/2011 budget was exceptionally difficult considering current economic conditions. Domestic GDP growth is projected to slowly recover to 2,3% in 2010.

The slowing of economic growth has put pressure on the municipality's revenue and reduced the space for increased expenditure. However, the expenditure forecast on the other hand is under pressure due to the demand for higher capital expenditure and the continuous high increases projected for electricity bulk purchases of 24,8%, 25,8% and 25,9%. It should be born in mind that these increases do not only affect the electricity services but also the departmental electricity consumption for the other core services such as sewerage and water.

4. Overview of budget funding

For the budget to break even, additional revenue by means of proposed rates and tariff adjustments had to be sought. The major contributing factor to this deficit is electricity bulk purchases which increase with R4,5-million and employee related cost with R7-million.

The proposed tariff adjustments to come into effect on 1 July 2010 are contained in the resolution and Schedule 2.

A comparison on the imposing of assessment rates and setting of tariffs for the 2010/2011 financial year is included under Schedule 2.

The Department of Cooperative Governance and Traditional Affairs have issued regulations effective from 1 July 2009 that prescribes the ratio for non-residential categories public service infrastructure and agriculture properties relative to residential properties. This regulation has been amended to include public benefit organisations from 1 July 2010 with a prescribed ratio of 1:025 in relation to residential properties. The definition of Public Benefit Organisation is: “property owned and used for any specific public benefit activity and includes welfare and humanitarian, health care and education and development as prescribed in the ninth schedule of the Income Tax Act.

Supporting table SA10 provides detail on funding measurement and funding supporting indicators.

5. Funding requirement for capital expenditure

The proposed capital expenditure for the next three (3) years equals R249,5-million. This proposed capital programme is the absolute maximum Council can afford.

It is therefore essential that the proposed capital budget carefully be considered and that the impact of all future developments on the current bulk infrastructure network strategically be considered.

	2010/2011	2011/2012	2012/2013
<u>National Government</u>			
Municipal Infrastructure Grant	58 000 000	40 338 595	52 708 042
Department of Energy		8 000 000	10 000 000
Internally generated funds	32 419 000	23 331 405	24 707 958
Total	90 419 000	71 670 000	87 416 000

6. Expenditure on allocations and grant programmes

All national allocations to local government are published in the Division of Revenue Act, 2009, per municipality for the next three (3) years, whilst provincial allocations form part of the provincial budgets.

Supporting tables SA18, SA19 and SA20 provide details of planned expenditure against each allocation and grant received. The following grants have been allocated to the municipality:

	2010/2011	2011/2012	2012/2013
Equitable Share (this grant is an unconditional grant and is partially utilised for the provision of free basic services through Councils Indigent Support and Free Basic Services Policies)	119 231 000	134 400 000	147 831 000
Other	18 383 000	8 834 000	2 050 000
Total	137 614 000	143 234 000	149 881 000

7. Councillors and board member allowances and employee benefits

Supporting table SA22, SA23 and SA24 provides the proposed cost to Council on salaries, allowances and benefits, as well as personnel members for:

- councillors of the municipality
- municipal manager and senior managers
- other municipal staff

Employee related cost increases with 10,7%.

8. Monthly targets for revenue, expenditure and cash flow

Supporting table SA25 and SA27 disclose the monthly targets for operating revenue by source, operating expenditure by type as well as a consolidated projection of revenue and expenditure by vote, whilst supporting table SA29 provides monthly projections for capital expenditure by vote.

All these schedules have been included in the SDBIP which is included in the tabled budget document as **PART 3**.

The SDBIP further includes the detailed capital budget by programme and shows each capital project associated within the programme and indicates the planning for each project.

Supporting table SA30 provides a consolidated projection of cash flow for the budget setting out receipts by source and payments by type, both operating and capital broken down per month for the budget year and also shown in total the following two (2) years.

9. Capital expenditure details

Supporting table SA34 discloses capital expenditure by asset class and table SA36 provides a list of capital programmes and projects aligned to the goals of the integrated development plan. See also supporting table SA6 for reconciliation with IDP strategic objectives.

10. Legislative compliance status

The municipality is fully committed to promote and seek to implement the basic values and principles of public administration described as per Section 195(1) of the Constitution.

In achieving this commitment the municipality is presently in full compliance with the stipulations of the following legislation, the principles as per circulars issued in line with the legislation as well as promulgated regulations to give effect to the stipulations of such legislation, except where a lower extent of compliance is reflected:

- Local Government : Municipal Structures Act, Act 117 of 1998 with all its amendments to date.
- Local Government : Municipal Systems Act, Act 32 of 2000 with all its amendments to date in its entirety together with regulations promulgated and applicable to high capacity municipalities.
- Local Government : Municipal Finance Management Act, Act 56 of 2004 in its entirety including regulations promulgated and applicable to high capacity municipalities.
- Compliance is also given to circulars by National Treasury in line with the Municipal Systems Act and the Municipal Finance Management Act in so far stipulations had been approved by the Council for adoption.
- Local Government : Property Rates Act, Act 6 of 2004 and its promulgated regulations in so far as a new valuation is implemented from 1 July 2009 in full compliance to legislative requirement.
- Full compliance, where sections and stipulations of sections are applicable to the municipality:
 - Electricity Act of 1987
 - Labour Relations Act of 1995
 - The Constitution of South Africa, 1996
 - Financial and Fiscal Commission Act, 1997
 - Intergovernmental Fiscal Relations Act, 1997
 - Water Services Act, 1997
 - Municipal Demarcation Act, 1998
 - National Environmental Management Act, 1998
 - Remuneration of Political Office Bearers Act, 1998
 - Skills Development Act, 1998
 - National Land Transport Transition Act, 2000
 - Preferential Procurement Policy Framework Act, 2000
 - Intergovernmental Relations Framework Act, 2005
 - Division of Revenue Acts as enacted annually

11. PART 3 - SDBIP

In terms of the budget regulation, National Treasury encourages municipalities to include the municipal service delivery and budget implementation plan (SDBIP) with the tabled budget. This will promote effective planning and implementation of the annual budget within the municipality.

The SDBIP includes the following:

- 11.1. Report on the SDBIP.
- 11.2. Supporting table SA25 – monthly projections of revenue for each source and expenditure type.
- 11.3. Supporting table SA27 – monthly projections of operating revenue and expenditure by vote.
- 11.4. Supporting table SA29 – monthly projections of capital expenditure by vote.
- 11.5. Detail projects per capital programme.

MPHUMUZI NHLABATHI
ACTING CHIEF FINANCIAL OFFICER

Table SA1 – Supporting detail to budgeted financial performance

MP301 Albert Luthuli - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		13,284	14,588	18,099	21,340	21,340	26,582	26,570	28,217	29,882
less Revenue Foregone										
Net Property Rates		13,284	14,588	18,099	21,340	21,340	26,582	26,570	28,217	29,882
Service charges - electricity revenue	6									
Total Service charges - electricity revenue		6,203	7,089	9,842	31,937	24,712	12,451	30,772	39,753	49,244
less Revenue Foregone										
Net Service charges - electricity revenue		6,203	7,089	9,842	31,937	24,712	12,451	30,772	39,753	49,244
Service charges - water revenue	6									
Total Service charges - water revenue		1,378	2,167	1,843	3,159	2,371	2,259	3,320	3,526	3,734
less Revenue Foregone										
Net Service charges - water revenue		1,378	2,167	1,843	3,159	2,371	2,259	3,320	3,526	3,734
Service charges - sanitation revenue										
Total Service charges - sanitation revenue		2,695	974	3,764	3,617	2,829	5	3,835	4,072	4,313
less Revenue Foregone										
Net Service charges - sanitation revenue		2,695	974	3,764	3,617	2,829	5	3,835	4,072	4,313
Service charges - refuse revenue	6									
Total refuse removal revenue		1,991	867	2,787	3,028	2,368	10	2,537	2,694	2,853
Total landfill revenue		-	-	-	-	-	-	-	-	-
less Revenue Foregone		-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		1,991	867	2,787	3,028	2,368	10	2,537	2,694	2,853
Other Revenue by source										
Fuel levy		-	-	-	-	-	-	-	-	-
Other revenue	3	1,956	18,465	1,598	(12,330)	(12,301)	8,316	(12,607)	(13,389)	(14,179)
Total 'Other' Revenue	1	1,956	18,465	1,598	(12,330)	(12,301)	8,316	(12,607)	(13,389)	(14,179)
EXPENDITURE ITEMS:										
Employee related costs										
Salaries and Wages	2	16,479	26,394	32,143	43,521	46,013	41,695	51,500	54,693	57,920
Contributions to UIF, pensions, medical aid		5,068	6,365	8,511	9,873	9,898	10,152	10,665	11,326	11,994
Travel, motor car, accom; & other allowances		2,865	584	1,506	3,277	3,280	2,052	3,533	3,752	3,973
Housing benefits and allowances		(55)	-	-	62	62	73	67	71	75
Overtime		1,098	-	-	1,218	1,320	2,344	1,421	1,509	1,598
Performance bonus		675	-	830	1,352	1,353	26	1,458	1,548	1,639
Long service awards		-	897	152	214	214	160	231	245	259
Payments in lieu of leave		-	703	3,680	3,366	3,369	2,659	3,642	3,868	4,096
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
sub-total	5	26,130	34,943	46,821	62,883	65,510	59,160	72,516	77,012	81,556
Less: Employees costs capitalised to PPE		(660)	(4,023)	-	-	-	-	-	-	-
Total Employee related costs	1	26,790	38,966	46,821	62,883	65,510	59,160	72,516	77,012	81,556
Contributions recognised - capital										
List contributions by contract		-	-	-	-	-	-	-	-	-
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment		-	-	18,225	19,426	18,418	10,019	22,774	24,186	25,613
Lease amortisation		-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	-	-	18,225	19,426	18,418	10,019	22,774	24,186	25,613
Bulk purchases										
Electricity Bulk Purchases		7,667	8,611	12,266	16,600	16,600	14,962	21,230	26,707	33,624
Water Bulk Purchases		51	46	(8)	415	415	-	305	324	343
Total bulk purchases	1	7,718	8,657	12,259	17,015	17,015	14,962	21,535	27,031	33,968
Contracted services										
List services provided by contract		3,598	4,193	6,514	9,549	10,929	7,798	15,187	16,129	17,081
sub-total	1	3,598	4,193	6,514	9,549	10,929	7,798	15,187	16,129	17,081
Allocations to organs of state:										
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total contracted services		3,598	4,193	6,514	9,549	10,929	7,798	15,187	16,129	17,081
Other Expenditure By Type										
Repairs and maintenance (to be deleted)		2,980	2,182	7,310	10,882	9,296	9,409	12,347	13,112	13,886
Collection costs		-	41	46	414	414	2,773	3,426	3,638	3,853
Contributions to 'other' provisions		22,142	-	-	7,070	4,370	326	8,116	8,619	9,128
Consultant fees		2,011	2,028	2,501	-	-	-	-	-	-
Audit fees		1,587	1,025	974	1,028	1,028	1,595	1,320	1,402	1,485
General expenses	3	14,041	46,792	46,346	26,128	23,950	23,312	30,438	32,326	34,233
Total 'Other' Expenditure	1	42,760	52,068	57,177	45,521	39,057	37,414	55,646	59,096	62,583

Table SA2 – Matrix financial performance – revenue source & expenditure type

MP301 Albert Luthuli - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote1 - Planning and Economic Development	Vote2 - Corporate Services	Vote3 - Community Services	Vote4 - Finance	Vote5 - Public Safety	Vote6 - Technical Services	Vote7 - Internal Audit	Vote8 - Council General	Total
R thousand	1									
Revenue By Source										
Property rates		-	-	-	26,570	-	-	-	-	26,570
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	30,772	-	-	30,772
Service charges - water revenue		-	-	-	-	-	3,320	-	-	3,320
Service charges - sanitation revenue		-	-	-	-	-	3,835	-	-	3,835
Service charges - refuse revenue		-	-	2,537	-	-	-	-	-	2,537
Service charges - other		-	-	13	-	-	716	-	-	729
Rental of facilities and equipment		-	131	4	-	-	-	-	-	135
Interest earned - external investments		-	-	-	4,698	-	-	-	-	4,698
Interest earned - outstanding debtors		-	-	-	11,083	-	-	-	-	11,083
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	540	-	-	-	540
Licences and permits		-	-	1	-	1,003	-	-	-	1,004
Agency services		-	-	-	-	891	-	-	-	891
Other revenue		48	751	(1,224)	(7,051)	32	(5,164)	-	-	(12,607)
Transfers recognised - operational		-	-	-	122,981	-	14,633	-	-	137,614
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		48	882	1,331	158,282	2,465	48,113	-	-	211,120
Expenditure By Type										
Employee related costs		5,567	8,404	12,708	8,760	6,266	25,273	1,492	4,046	72,516
Remuneration of councillors		-	-	-	-	-	-	-	11,353	11,353
Debt impairment		-	-	764	8,838	-	2,291	-	-	11,892
Depreciation & asset impairment		250	784	3,442	471	4,203	13,169	79	377	22,774
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		-	29	-	-	-	21,506	-	-	21,535
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3,701	-	1,138	850	4,456	4,832	-	211	15,187
Transfers and grants		-	-	-	-	-	-	-	216	216
Other expenditure		3,822	4,195	2,129	8,373	2,129	19,982	761	14,255	55,646
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		13,339	13,412	20,181	27,291	17,053	87,053	2,333	30,458	211,120
Surplus/(Deficit)		(13,291)	(12,530)	(18,849)	130,991	(14,588)	(38,941)	(2,333)	(30,458)	0
Transfers recognised - capital		-	-	-	58,000	-	-	-	-	58,000
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(13,291)	(12,530)	(18,849)	188,991	(14,588)	(38,941)	(2,333)	(30,458)	58,000

Table SA3 – Supporting detail to budgeted financial position

MP301 Albert Luthuli - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

MR301 Albert Edmund - Supporting Table SA3 Supporting detail to Budgeted Financial Position										
Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days		-	-	-	-	-	-	-	-	-
Other current investments > 90 days		28,298	21,040	1,560	1,727	1,727	1,653	1,836	2,031	2,237
Total Call investment deposits	2	28,298	21,040	1,560	1,727	1,727	1,653	1,836	2,031	2,237
Consumer debtors										
Consumer debtors		73,217	105,558	137,137	177,306	171,220	180,409	187,183	206,174	227,401
Less: Provision for debt impairment		(49,125)	(69,264)	(131,121)	(140,359)	(140,359)	(133,930)	(145,823)	(158,453)	(171,827)
Total Consumer debtors	2	24,092	36,293	6,016	36,947	30,861	46,479	41,360	47,722	55,574
Debt impairment provision										
Balance at the beginning of the year		(32,905)	(49,125)	(69,264)	(131,121)	(131,121)	(131,121)	(133,930)	(145,823)	(158,453)
Contributions to the provision		(16,449)	(20,140)	(61,857)	(9,238)	(9,238)	(2,809)	(11,892)	(12,630)	(13,375)
Bad debts written off		229	-	-	-	-	-	-	-	-
Balance at end of year		(49,125)	(69,264)	(131,121)	(140,359)	(140,359)	(133,930)	(145,823)	(158,453)	(171,827)
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)		11,013	261,576	500,766	570,209	592,184	592,184	682,603	754,273	841,689
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		-	-	18,225	37,652	36,643	28,245	51,019	75,205	100,819
Total Property, plant and equipment (PPE)	2	11,013	261,576	482,541	532,557	555,541	563,940	631,584	679,068	740,870
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	107	57	57	57	57	57	57	57
Total Current liabilities - Borrowing		-	107	57	57	57	57	57	57	57
Trade and other payables										
Trade and other creditors		24,164	15,813	25,590	32,508	31,316	29,924	42,126	46,819	52,252
Unspent conditional transfers		15,033	13,717	8,026	8,026	8,026	8,026	8,026	8,026	8,026
VAT		(2,130)	(7,382)	(6,169)	(6,169)	(6,169)	(6,169)	(6,169)	(6,169)	(6,169)
Total Trade and other payables	2	37,066	22,149	27,446	34,364	33,172	31,780	43,983	48,675	54,108
Non current liabilities - Borrowing										
Borrowing	4	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	176	119	119	119	119	119	119	119
Total Non current liabilities - Borrowing		-	176	119	119	119	119	119	119	119
Provisions - non-current										
Retirement benefits		-	-	-	-	-	-	-	-	-
List other major provision items		-	-	-	-	-	-	-	-	-
Performance bonus		-	-	-	-	-	-	-	-	-
Audit fees and creditors provision		-	-	-	-	-	-	-	-	-
Total Provisions - non-current		-	-	-	-	-	-	-	-	-
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance		44,908	43,721	289,955	481,838	481,838	481,838	592,804	650,804	699,142
GRAP adjustments		-	259,361	-	-	-	-	-	-	-
Restated balance		44,908	303,083	289,955	481,838	481,838	481,838	592,804	650,804	699,142
Surplus/(Deficit)		2,385	27,862	(24,816)	50,017	72,446	110,966	58,000	48,339	62,708
Appropriations to Reserves		(407)	(13,018)	(7,767)	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	228,464	-	-	-	-	-	-
Other adjustments		(3,165)	48	(3,997)	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	43,721	317,975	481,838	531,854	554,283	592,804	650,804	699,142	761,850
Reserves										
Housing Development Fund		329	-	-	-	-	-	-	-	-
Capital replacement		5,461	13,018	20,785	20,785	20,785	20,785	20,785	20,785	20,785
Capitalisation		-	-	-	-	-	-	-	-	-
Government grant		-	-	-	-	-	-	-	-	-
Donations and public contributions		-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-
Maintenance Reserves / GAMAP Funds		99	(5,214)	-	-	-	-	-	-	-
Revaluation		-	-	10	10	10	10	10	10	10
Total Reserves	2	5,888	7,804	20,795	20,795	20,795	20,795	20,795	20,795	20,795
TOTAL COMMUNITY WEALTH/EQUITY	2	49,610	325,779	502,633	552,649	575,078	613,599	671,599	719,937	782,645
Total capital expenditure includes expenditure on nationally significant priorities:										
Provision of basic services		-	-	-	-	-	-	-	-	-
2010 World Cup		-	-	-	-	-	-	-	-	-

Table SA4 – Reconciliation of IDP strategic objectives and revenue

MP301 Albert Luthuli - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand											
Property Services	Service Delivery		333	313	329	383	388	436	58	61	65
Provide Health and Environmental Services	Service Delivery		356	301	52,608	801	801	5,038	–	–	–
Community and Social Service Provision	Service Delivery		275	284	187	165	173	189	185	196	208
Provide and ensure safe environmnet	Service Delivery		1,197	1,242	1,454	2,342	2,299	924	2,465	2,618	2,772
Waste Management Infrastructure Development and Service Delivery	Service Delivery		2,410	2,616	2,646	1,710	1,050	3,468	1,219	1,295	1,371
Waste Water Management Infrastructure Development and Service Delivery	Service Delivery		3,094	4,074	3,614	2,479	1,691	4,028	2,628	2,791	2,956
Road Infrastructure Development and Service Delivery	Service Delivery		101	5	–	–	–	–	–	–	–
Water Infrastructure Development and Service Delivery	Service Delivery		2,613	29,534	2,302	10,718	13,344	12,647	16,619	8,853	2,233
Electricity Infrastructure Development and Service Delivery	Service Delivery		6,912	7,078	10,284	30,138	23,017	12,629	28,865	37,728	47,099
Sustainable and Economical Monetary Management	Financial viability		74,399	114,643	117,379	174,681	199,417	213,251	216,282	222,318	252,290
Local Economic Development	Economic Growth and Development		62	0	75	42	42	30	48	51	54
Municipal Transformation and Organisational Development	Good Cooperative Governance		11	192	385	736	741	325	751	798	845
Good governance and public participation	Good Cooperative Governance		23	55	(13)	331	331	(44)	–	–	–
Total Revenue (excluding capital transfers and contributions)			91,786	160,339	191,250	224,526	243,294	252,920	269,120	276,709	309,894

Table SA5 – Reconciliation of IDP strategic objectives and operating expenditure

MP301 Albert Luthuli - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand											
Property Services	Service Delivery		289	99	15	409	257	–	23	25	26
Provide Health and Environmental Services	Service Delivery		653	766	850	1,040	1,027	895	1,104	1,172	1,241
Community and Social Service Provision	Service Delivery		7,593	6,535	10,397	13,919	12,740	8,415	13,612	14,456	15,309
Provide and ensure safe environmnet	Service Delivery		4,023	5,686	9,294	11,479	11,321	10,381	17,053	18,110	19,179
Waste Management Infrastructure Development and Service Delivery	Service Delivery		7,026	6,569	4,857	7,154	6,752	3,452	7,390	7,848	8,311
Waste Water Management Infrastructure Development and Service Delivery	Service Delivery		5,063	4,742	2,716	6,004	5,936	2,564	6,505	6,909	7,316
Road Infrastructure Development and Service Delivery	Service Delivery		6,565	7,231	8,091	11,882	11,457	10,735	14,067	14,940	15,821
Water Infrastructure Development and Service Delivery	Service Delivery		5,616	34,730	34,004	18,654	22,073	26,133	29,508	31,368	33,258
Electricity Infrastructure Development and Service Delivery	Service Delivery		11,066	12,296	19,023	29,507	29,468	24,440	35,536	41,870	49,643
Sustainable and Economical Monetary Management	Financial viability		15,612	23,611	90,238	23,266	23,009	20,792	27,291	28,983	30,693
Local Economic Development	Economic Growth and Development		2,536	3,443	4,380	6,582	6,363	4,710	10,355	10,997	11,645
Municipal Transformation and Organisational Development	Good Cooperative Governance		9,659	10,142	13,865	17,696	16,747	14,084	18,217	19,347	20,488
Good governance and public participation	Good Cooperative Governance		13,699	16,628	18,336	26,917	23,698	15,353	30,458	32,347	34,255
		1	89,401	132,476	216,067	174,510	170,849	141,954	211,120	228,371	247,186

Table SA6 – Reconciliation of IDP strategic objectives and capital expenditure

MP301 Albert Luthuli - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand												
Property Services	Service Delivery	SD1	1	–	327	–	–	–	–	–	–	–
Provide Health and Environmental Services	Service Delivery	SD2		–	–	3	–	–	–	–	–	–
Community and Social Service Provision	Service Delivery	SD3		2,284	2,454	2,561	3,026	2,602	2,602	2,361	2,811	2,701
Provide and ensure safe environmnet	Service Delivery	SD4		29	776	897	2,913	2,988	2,988	6,453	2,739	2,901
Waste Management Infrastructure Development and Service Delivery	Service Delivery	SD5		1,017	805	1,629	3,033	5,470	5,470	1,795	1,520	1,609
Waste Water Management Infrastructure Development and Service Delivery	Service Delivery	SD6		12	–	91	23,030	28,524	28,524	23,713	828	877
Road Infrastructure Development and Service Delivery	Service Delivery	SD7		–	10,708	2,016	550	550	550	703	710	752
Water Infrastructure Development and Service Delivery	Service Delivery	SD8		24,731	6,046	15,453	16,135	29,744	29,744	37,756	48,924	62,075
Electricity Infrastructure Development and Service Delivery	Service Delivery	SD9		7,467	7,935	3,080	17,496	18,385	18,385	16,392	11,800	14,025
Sustainable and Economical Monetary Management	Financial viability	FV1		289	602	253	2,028	1,866	1,866	471	1,542	1,633
Local Economic Development	Economic Growth and Development	EG1		69	186	26	190	20	20	250	100	106
Municipal Transformation and Organisational Development	Good Corporate Governance	GC1		295	1,004	1,749	931	1,155	1,155	149	583	617
Good governance and public participation	Good Corporate Governance	GC2		419	59	28	111	115	115	377	113	120
			1	36,612	30,901	27,785	69,443	91,418	91,418	90,419	71,670	87,416

Table SA7 – Measurable Performance Objectives

Information is not available.

Table SA8 – Performance indicators and benchmarks

MP301 Albert Luthuli - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Borrowing Management</u>										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit Rating		N/A	N/A	N/A	N/A	N/A	N/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'ow n' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	97.3%	10.9%	6.1%	11.9%	10.5%	7.2%	7.9%	8.9%	9.7%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	2.3%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.1	1.8	0.4	0.7	0.6	1.2	0.9	0.9	0.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	1.1	1.8	–	–	–	–	–	–	–
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Lev el %)	Last 12 Mths Receipts/Last 12 Mths Billing		137.2%	234.1%	382.6%	382.6%	382.6%	45.6%	107.5%	89.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	28.8%	27.0%	5.6%	23.8%	20.8%	28.3%	21.8%	22.9%	24.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Funding of Provisions</u>										
Provisions not funded - %	Unfunded Provns./Total Provisions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	-1.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.2%	24.3%	24.5%	36.0%	38.3%	32.8%	34.3%	33.7%	33.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.5%	29.4%	29.3%	42.1%	44.5%	38.2%	39.7%	39.0%	38.2%
Repairs & Maintenance	R&M/(Total Revenue ex cluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	9.5%	11.1%	10.8%	5.6%	10.8%	10.6%	10.4%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.9	11.1	15.2	16.1	16.1	16.1	14.7	16.1	18.4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	101.9%	139.9%	28.9%	64.8%	64.7%	122.3%	67.7%	66.1%	66.2%
iii. Cost coverage	(Av ailable cash + Inv estments)/monthly fixed operational expenditure	5.5	1.4	0.1	(2.2)	(2.0)	(1.0)	0.3	0.6	0.7

N/A – Information is not available

Table SA9 – Social, economic and demographic statistic assumptions

MP301 Albert Luthuli - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2006/7	2007/8	2008/9	Current Year 2009/10	2010/11 Medium Term Revenue & Expenditure Framework		
Demographics											
Population		N/A	188	194	189	222	231	241	N/A	N/A	N/A
Females aged 5 - 14		N/A	19	20	20	23	24	25	N/A	N/A	N/A
Males aged 5 - 14		N/A	19	20	19	23	24	25	N/A	N/A	N/A
Females aged 15 - 34		N/A	36	37	36	42	44	46	N/A	N/A	N/A
Males aged 15 - 34		N/A	36	37	36	42	44	46	N/A	N/A	N/A
Unemployment		N/A	35	36	35	41	43	45	N/A	N/A	N/A
Household income (households) (1.)											
None		N/A	N/A	N/A	N/A	N/A	N/A	15,408	N/A	N/A	N/A
R1 - R4800		N/A	N/A	N/A	N/A	N/A	N/A	6,352	N/A	N/A	N/A
R4800 - R9600		N/A	N/A	N/A	N/A	N/A	N/A	10,132	N/A	N/A	N/A
Poverty profiles (2.)											
Insert description		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Household/demographics (000)											
Number of people in municipal area		N/A	187,936	194,083	189	222	231	241	N/A	N/A	N/A
Number of poor people in municipal area		N/A	73,859	76,275	74	87	91	95	N/A	N/A	N/A
Number of households in municipal area		N/A	39,675	46,036	N/A	48	N/A	N/A	N/A	N/A	N/A
Number of poor households in municipal area		N/A	15,870	18,414	N/A	159	N/A	N/A	N/A	N/A	N/A
Definition of poor household (R per month)		N/A			1,100	1,100	1,100	1,100	N/A	N/A	N/A
Housing statistics (3.)											
Formal		N/A	29,756	34,527	N/A	36,287	N/A	N/A	N/A	N/A	N/A
Informal		N/A	9,919	11,509	N/A	12,096	N/A	N/A	N/A	N/A	N/A
Total number of households		-	39,675	46,036	-	48,383	-	-	-	-	-
Dwellings provided by municipality (4.)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dwellings provided by province/s		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dwellings provided by private sector (5.)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic (6.)											
Inflation/inflation outlook (CPIX)					N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest rate - borrowing					N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest rate - investment					N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remuneration increases					N/A	N/A	N/A	N/A	N/A	N/A	N/A
Consumption growth (electricity)					N/A	N/A	N/A	N/A	N/A	N/A	N/A
Consumption growth (water)					N/A	N/A	N/A	N/A	N/A	N/A	N/A
Collection rates (7.)											
Property tax/service charges					26.2%	22.9%	23.4%	22.0%	20.6%	N/A	N/A
Rental of facilities & equipment					0.4%	0.3%	0.3%	0.3%	0.3%	N/A	N/A
Interest - external investments					5.6%	5.7%	3.1%	2.7%	2.5%	N/A	N/A
Interest - debtors					4.6%	11.4%	3.1%	6.4%	5.9%	N/A	N/A
Revenue from agency services					63.3%	59.5%	70.2%	67.5%	69.7%	N/A	N/A

N/A – Information is not available

Table SA10 – Funding measurement

MP301 Albert Luthuli Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	1	21,432	9,236	964	(20,085)	(18,446)	(7,552)	3,725	6,735	9,271
Cash + investments at the yr end less applications - R'000	18(1)b	2	27,938	78,162	24,619	(13,792)	(9,496)	7,477	32,426	24,678	23,692
Cash year end/monthly employee/supplier payments	18(1)b	3	5.5	1.4	0.1	(2.2)	(2.0)	(1.0)	0.3	0.6	0.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	2,385	27,862	203,647	50,017	72,446	110,966	58,000	48,339	62,708
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	13.5%	13.0%	69.5%	(20.7%)	(30.1%)	58.0%	10.6%	8.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	116.6%	175.9%	300.3%	28.6%	30.3%	25.4%	99.8%	81.8%	81.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	65.8%	178.7%	14.4%	16.8%	6.7%	17.5%	16.0%	14.7%
Capital payments % of capital expenditure	18(1)c; 19	8	100.7%	100.6%	117.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	63.6%	(75.4%)	290.4%	(14.6%)	44.0%	(10.0%)	13.8%	15.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	27.1%	#NAME?	1.5%	2.0%	1.7%	1.7%	2.0%	1.9%	1.9%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	39.6%	0.0%	24.2%	0.0%	0.0%	0.0%	0.0%
Supporting indicators											
% incr total service charges (incl prop rates)	18(1)a			19.5%	19.0%	75.5%	(14.7%)	(24.1%)	64.0%	16.6%	14.9%
% incr Property Tax	18(1)a			9.8%	24.1%	17.9%	0.0%	24.6%	(0.0%)	6.2%	5.9%
% incr Service charges - electricity revenue	18(1)a			14.3%	38.8%	224.5%	(22.6%)	(49.6%)	147.1%	29.2%	23.9%
% incr Service charges - water revenue	18(1)a			57.2%	(14.9%)	71.4%	(25.0%)	(4.7%)	47.0%	6.2%	5.9%
% incr Service charges - sanitation revenue	18(1)a			(63.9%)	286.5%	(3.9%)	(21.8%)	(99.8%)	71303.9%	6.2%	5.9%
% incr Service charges - refuse revenue	18(1)a			(56.4%)	221.3%	8.7%	(21.8%)	(99.6%)	24659.7%	6.2%	5.9%
% incr in Service charges - other	18(1)a			0.0%	(100.0%)	0.0%	14.4%	(100.0%)	0.0%	6.2%	5.9%
Total billable revenue	18(1)a		25,926	30,910	36,835	64,210	54,841	41,793	67,897	79,180	90,997
Service charges			25,551	30,535	36,335	63,770	54,407	41,307	67,763	79,037	90,845
Property rates			13,284	14,588	18,099	21,340	21,340	26,582	26,570	28,217	29,882
Service charges - electricity revenue			6,203	7,089	9,842	31,937	24,712	12,451	30,772	39,753	49,244
Service charges - water revenue			1,378	2,167	1,843	3,159	2,371	2,259	3,320	3,526	3,734
Service charges - sanitation revenue			2,695	974	3,764	3,617	2,829	5	3,835	4,072	4,313
Service charges - refuse removal			1,991	867	2,787	3,028	2,368	10	2,537	2,694	2,853
Service charges - other			-	4,851	-	688	788	-	729	774	820
Rental of facilities and equipment			375	375	501	441	434	486	135	143	152
Capital expenditure excluding capital grant funding			30,744	30,901	27,785	(20,198)	(41,932)	(41,932)	32,419	(32,024)	(45,430)
Cash receipts from ratepayers	18(1)a		38,254	118,351	152,115	24,381	21,105	23,222	62,035	61,156	70,794
Ratepayer & Other revenue	18(1)a		27,883	50,463	39,809	54,192	44,830	50,881	57,725	68,377	79,557
Change in consumer debtors (current and non-current)			4,924	16,813	(32,586)	30,931	24,845	40,463	4,413	6,362	7,852
Operating and Capital Grant Revenue	18(1)a		54,591	89,556	126,314	155,705	183,836	184,053	195,614	191,573	212,589
Capital expenditure - total	20(1)(vi)		36,612	30,901	27,785	29,819	30,513	30,513	90,419	16,315	17,278
Capital expenditure - renewal	20(1)(vi)		-	14	11,011	-	7,382	-	-	-	-
Supporting benchmarks											
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPIX guideline			4.3%	3.9%	4.6%	5.2%	5.2%	5.2%	5.1%	4.3%	4.5%
DoRA operating grants total MFY									137,614	143,234	149,881
DoRA capital grants total MFY									58,000	48,339	62,708
Provincial operating grants									-	-	-
Provincial capital grants									-	-	-
District Municipality grants									-	-	-
Total gazetted/advised national, provincial and district grants			-	-	-	-	-	-	195,614	191,573	212,589
Average annual collection rate (arrears inclusive)											
DoRA operating											
Equitable share									119,231	134,400	147,831
Finance Management									3,000	1,250	1,250
Municipal Systems Improvement									750	840	800
Department of Water Affairs									14,633	6,744	-
									137,614	143,234	149,881
DoRA capital											
M/G									54,630	40,339	52,708
DME									2,500	8,000	10,000
Public Works									870	-	-
									58,000	48,339	62,708

Table SA11 – Property Rates Summary

MP301 Albert Luthuli - Supporting Table SA11 Property rates summary

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Valuation:	1									
Date of valuation:		2002/2006	N/A	N/A	N/A					
Financial year valuation used		N/A	N/A	N/A	N/A			N/A		
Municipal by-laws s6 in place? (Y/N)	2	N/A	N/A	N/A	N/A			N/A		
Municipal/assistant valuer appointed? (Y/N)		N/A	N/A	N/A	N/A			N/A		
Municipal partnership s38 used? (Y/N)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of assistant valuers (FTE)	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of data collectors (FTE)	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of internal valuers (FTE)	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of external valuers (FTE)	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of additional valuers (FTE)	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation appeal board established? (Y/N)		N/A	N/A	N/A	N/A			N/A		
Implementation time of new valuation roll (mths)		N/A	N/A	N/A	N/A			N/A		
No. of properties	5	48,854	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of sectional title values	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of unreasonably difficult properties s7(2)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of supplementary valuations		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of valuation roll amendments		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of objections by rate payers		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of appeals by rate payers		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of successful objections	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No. of successful objections > 10%	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Supplementary valuation		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public service infrastructure value (Rm)	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Municipality owned property value (Rm)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation reductions-nature reserves/park (Rm)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation reductions-mineral rights (Rm)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation reductions-R15,000 threshold (Rm)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation reductions-public worship (Rm)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation reductions-other (Rm)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total valuation reductions:		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total land value (Rm)	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total value of improvements (Rm)	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total market value (Rm)	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rating:										
Residential rate used to determine rate for other categories? (Y/N)		N/A	N/A	N/A	N/A			N/A		
Differential rates used? (Y/N)	5	N/A	N/A	N/A	N/A			N/A		
Limit on annual rate increase (s20)? (Y/N)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special rating area used? (Y/N)		N/A	N/A	N/A	N/A			N/A		
Phasing-in properties s21 (number)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rates policy accompanying budget? (Y/N)		N/A	N/A	N/A	N/A			N/A		
Fixed amount minimum value (R'000)		N/A	N/A	N/A	N/A			N/A		
Non-residential prescribed ratio s19? (%)		N/A	N/A	N/A	N/A			N/A		
Rate revenue:										
Rate revenue budget (R '000)	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate revenue expected to collect (R'000)	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expected cash collection rate (%)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special rating areas (R'000)	7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rebates, exemptions - indigent (R'000)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rebates, exemptions - pensioners (R'000)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rebates, exemptions - bona fide farm. (R'000)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rebates, exemptions - other (R'000)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Phase-in reductions/discounts (R'000)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total rebates, exemptns, reductns, discs (R'000)		-	-	-	-	-	-	-	-	-

N/A – Information is not available

Table SA12 and 13 – Property Rates by category (budget year and current year)

Information is not available.

Table SA14 – Household bills

Information is not available.

Table SA15 – Investment particulars by type

MP301 Albert Luthuli - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		298	220	230	230	230	230	230	230	230
Deposits - Bank		59,920	55,613	39,772	44,043	44,043	42,144	46,843	51,832	57,116
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	60,218	55,833	40,002	44,273	44,273	42,374	47,072	52,062	57,346
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		60,218	55,833	40,002	44,273	44,273	42,374	47,072	52,062	57,346

Table SA16 – Investment particulars by maturity

MP301 Albert Luthuli - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months			Rand thousand	
Parent municipality						
Sanlam 9921774x7		1-Jul-02	Guaranteed Capital Fund	No maturity date	1,655	797
RMB Asset Management 28263			RMB Money Market	25 May 2002	1,733	908
Stanlib IP0006247		29-Jul-02	Money Market	No maturity date	11,165	4,529
Stanlib IP0006247		27-Nov-03	Stanlib Extra Income	No maturity date	23,659	9,840
Sanlam J006109635			Listed Investment		230	–
Call Investment Deposit					1,560	–
Municipality sub-total					40,002	16,074
Entities						
Entities sub-total					–	–
TOTAL INVESTMENTS AND INTEREST	1				40,002	16,074

Table SA17 – Borrowing

MP301 Albert Luthuli - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	176	119	119	119	119	119	119	119
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	176	119	119	119	119	119	119	119
Entities										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	176	119	119	119	119	119	119	119

Table SA18 – Transfer and grant receipts

MP301 Albert Luthuli - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		51,942	63,183	85,011	104,135	116,791	116,791	137,614	143,234	149,881
Equitable share		49,958	57,774	72,980	93,696	95,984	95,984	119,231	134,400	147,831
Finance Management		500	652	1,250	2,750	2,750	2,750	3,000	1,250	1,250
Municipal Systems Improvement		1,484	1,484	735	735	735	735	750	840	800
Department of Water Affairs		-	2,942	10,046	6,954	17,322	17,322	14,633	6,744	-
Development Bank of South Africa / LGSETA		-	331	-	-	-	-	-	-	-
Provincial Government:		-	5,947	5,137	-	-	-	-	-	-
Health subsidy		-	-	177	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Department of Local and Provincial Government	4	-	5,947	4,960	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Gert Sibande District Municipality		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	110	-	-	-	-	-	-
Umsobomvu		-	-	110	-	-	-	-	-	-
Total Operating Transfers and Grants	5	51,942	69,131	90,258	104,135	116,791	116,791	137,614	143,234	149,881
Capital Transfers and Grants										
National Government:		24,789	39,030	38,542	56,839	57,928	57,728	58,000	48,339	62,708
Municipal Infrastructure (MIG)		24,789	34,207	36,542	45,373	45,373	45,373	54,630	40,339	52,708
Public Transport		-	-	-	-	-	-	-	-	-
Public Works		-	-	-	-	-	-	870	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Water Affairs		-	-	-	-	-	-	-	-	-
Department of Minerals and Energy		-	4,823	2,000	11,466	12,555	12,355	2,500	8,000	10,000
Provincial Government:		-	175	330	-	-	-	-	-	-
Department of Local and Provincial Government and ICT		-	175	330	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Gert Sibande District Municipality		-	-	-	-	-	-	-	-	-
Other grant providers:		-	84	-	-	-	-	-	-	-
Umsobomvu		-	-	-	-	-	-	-	-	-
Local Economic Development		-	84	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	24,789	39,289	38,872	56,839	57,928	57,728	58,000	48,339	62,708
TOTAL RECEIPTS OF TRANSFERS & GRANTS		76,731	108,419	129,130	160,974	174,719	174,519	195,614	191,573	212,589

Table SA19 – Expenditure on transfers and grant programme

MP301 Albert Luthuli - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		2,416	60,430	84,870	103,384	116,791	116,791	137,614	143,234	149,881
Equitable share		–	57,774	72,980	93,696	95,984	95,984	119,231	134,400	147,831
Finance Management		652	393	1,047	1,250	2,750	2,750	3,000	1,250	1,250
Municipal Systems Improvement		1,764	1,919	925	1,484	735	735	750	840	800
Department of Water Affairs		–	14	9,918	6,954	17,322	17,322	14,633	6,744	–
Development Bank of South Africa / LGSETA		–	331	–	–	–	–	–	–	–
Provincial Government:		–	5,947	4,269	–	–	–	–	–	–
Health subsidy		–	–	177	–	–	–	–	–	–
Sports and Recreation		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Department of Local and Provincial Government		–	5,947	4,092	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Gert Sibande District Municipality		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	110	–	–	–	–	–	–
Umsobomvu		–	–	110	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		2,416	66,378	89,249	103,384	116,791	116,791	137,614	143,234	149,881
Capital expenditure of Transfers and Grants										
National Government:		–	42,935	36,339	56,839	57,928	57,728	58,000	48,339	62,708
Municipal Infrastructure (MIG)		–	35,631	33,531	45,373	45,373	45,373	54,630	40,339	52,708
Public Transport		–	–	–	–	–	–	870	–	–
Public Works		–	–	–	–	–	–	–	–	–
Sport and Recreation		–	–	–	–	–	–	–	–	–
Water Affairs		–	–	–	–	–	–	–	–	–
Department of Minerals and Energy		–	7,303	2,808	11,466	12,555	12,355	2,500	8,000	10,000
Provincial Government:		–	115	–	–	–	–	–	–	–
Department of Local and Provincial Government and ICT		–	115	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Gert Sibande District Municipality		–	–	–	–	–	–	–	–	–
Other grant providers:		–	35	–	–	–	–	–	–	–
Umsobomvu		–	–	–	–	–	–	–	–	–
Local Economic Development		–	35	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		–	43,084	36,339	56,839	57,928	57,728	58,000	48,339	62,708
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		2,416	109,462	125,588	160,223	174,719	174,519	195,614	191,573	212,589

Table SA20 – Reconciliation of transfers, grant receipts and unspent funds

MP301 Albert Luthuli - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		1,880	2,120	4,873	1,143	1,143	1,143	1,143	1,143	1,143
Current year receipts		3,484	63,183	85,011	104,135	116,791	116,791	137,614	143,234	149,881
Conditions met - transferred to revenue		2,687	60,430	88,741	104,135	116,791	116,791	137,614	143,234	149,881
Conditions still to be met - transferred to liabilities		2,678	4,873	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Provincial Government:										
Balance unspent at beginning of the year		148	-	-	868	868	868	868	868	868
Current year receipts		-	5,947	5,137	-	-	-	-	-	-
Conditions met - transferred to revenue		-	5,947	4,269	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		148	-	868	868	868	868	868	868	868
District Municipality:										
Balance unspent at beginning of the year		41	41	41	41	41	41	41	41	41
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		41	41	41	41	41	41	41	41	41
Other grant providers:										
Balance unspent at beginning of the year		2,772	-	-	-	-	-	-	-	-
Current year receipts		150	-	110	-	-	-	-	-	-
Conditions met - transferred to revenue		2,922	-	110	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		5,609	66,378	93,119	104,135	116,791	116,791	137,614	143,234	149,881
Total operating transfers and grants - CTBM	2	2,866	4,913	2,052	2,052	2,052	2,052	2,052	2,052	2,052
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		10,487	8,337	4,432	5,624	5,624	5,624	5,624	5,624	5,624
Current year receipts		32,300	39,030	38,542	56,839	57,928	57,728	58,000	48,339	62,708
Conditions met - transferred to revenue		35,008	42,935	37,350	56,839	57,928	57,728	58,000	48,339	62,708
Conditions still to be met - transferred to liabilities		7,779	4,432	5,624	5,624	5,624	5,624	5,624	5,624	5,624
Provincial Government:										
Balance unspent at beginning of the year		1,367	-	60	390	390	390	390	390	390
Current year receipts		-	175	330	-	-	-	-	-	-
Conditions met - transferred to revenue		1,367	115	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	60	390	390	390	390	390	390	390
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		20	2,792	2,841	2,841	2,841	2,841	2,841	2,841	2,841
Current year receipts		-	84	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	35	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		20	2,841	2,841	2,841	2,841	2,841	2,841	2,841	2,841
Total capital transfers and grants revenue		36,375	43,084	37,350	56,839	57,928	57,728	58,000	48,339	62,708
Total capital transfers and grants - CTBM	2	7,799	7,333	8,855	8,855	8,855	8,855	8,855	8,855	8,855
TOTAL TRANSFERS AND GRANTS REVENUE		41,984	109,462	130,469	160,974	174,719	174,519	195,614	191,573	212,589
TOTAL TRANSFERS AND GRANTS - CTBM		10,665	12,246	10,907	10,907	10,907	10,907	10,907	10,907	10,907

Table SA21 – Transfers and grants made

MP301 Albert Luthuli - Supporting Table SA21 Transfers and grants made by the municipality

Description R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Transfers to other municipalities										
<i>Insert description</i>	1	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-
Transfers to Entities/Other External Mechanisms										
<i>Insert description</i>	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS TO ENTITIES/EMS'		-	-	-	-	-	-	-	-	-
Transfers to other Organs of State										
<i>Insert description</i>	3	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-
Grants to Organisations/ Groups of Individuals										
<i>Insert description</i>	4	-	-	-	-	-	-	-	-	-
TOTAL GRANTS TO ORGANISATIONS/GROUPS OF INDIVIDUALS:		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	5	-	-	-	-	-	-	-	-	-

Table SA22 – Summary councillor and staff benefits

MP301 Albert Luthuli - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Salary		6,677	4,500	4,903	6,353	6,353	5,088	6,842	7,266	7,695
Pension Contributions		800	1,339	1,612	953	953	1,765	1,026	1,090	1,154
Medical Aid Contributions		356	208	200	129	129	163	138	147	156
Motor vehicle allowance		574	1,760	2,058	2,478	2,478	2,291	2,669	2,834	3,001
Cell phone allowance		128	-	-	-	-	-	-	-	-
Housing allowance		-	-	-	-	-	-	-	-	-
Other benefits or allowances		-	401	453	661	566	467	678	720	762
In-kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		8,535	8,208	9,226	10,573	10,478	9,773	11,353	12,056	12,768
% increase	4		(3.8%)	12.4%	14.6%	(0.9%)	(6.7%)	16.2%	6.2%	5.9%
Senior Managers of the Municipality	2									
Salary		2,663	2,125	2,217	2,344	2,344	2,344	3,686	3,915	4,146
Pension Contributions		572	456	558	517	517	517	660	701	742
Medical Aid Contributions		-	-	-	49	49	49	115	123	130
Motor vehicle allowance		648	496	546	601	601	601	517	550	582
Cell phone allowance		-	-	-	-	-	-	-	-	-
Housing allowance		-	-	-	-	-	-	-	-	-
Performance Bonus		202	212	-	281	281	281	303	322	341
Other benefits or allowances		-	-	-	-	-	-	-	-	-
In-kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4,086	3,289	3,321	3,791	3,791	3,791	5,282	5,610	5,941
% increase	4		(19.5%)	1.0%	14.2%	-	-	39.3%	6.2%	5.9%
Other Municipal Staff										
Basic Salaries and Wages		13,815	24,269	29,926	44,289	43,669	39,351	46,942	49,853	52,794
Pension Contributions		4,495	5,909	7,953	7,345	9,333	9,586	7,818	8,303	8,793
Medical Aid Contributions		-	-	-	1,635	-	-	1,718	1,825	1,932
Motor vehicle allowance		2,217	88	960	2,204	2,680	1,451	2,506	2,661	2,818
Cell phone allowance		-	-	-	-	-	-	-	-	-
Housing allowance		(55)	-	-	-	62	73	-	-	-
Overtime		1,098	-	-	1,218	1,320	2,344	1,421	1,509	1,598
Performance Bonus		473	(212)	830	1,071	1,073	(255)	1,154	1,226	1,298
Other benefits or allowances		-	1,600	3,832	1,115	3,583	2,819	5,443	5,780	6,121
In-kind benefits		660	4,023	-	214	-	-	231	245	259
Sub Total - Other Municipal Staff		22,704	35,678	43,500	59,092	61,719	55,370	67,233	71,402	75,615
% increase	4		57.1%	21.9%	35.8%	4.4%	(10.3%)	21.4%	6.2%	5.9%
Total Parent Municipality		35,325	47,175	56,047	73,456	75,988	68,933	83,868	89,068	94,323
			33.5%	18.8%	31.1%	3.4%	(9.3%)	21.7%	6.2%	5.9%
TOTAL SALARY, ALLOWANCES & BENEFITS		35,325	47,175	56,047	73,456	75,988	68,933	83,868	89,068	94,323
% increase	4		33.5%	18.8%	31.1%	3.4%	(9.3%)	21.7%	6.2%	5.9%
TOTAL MANAGERS AND STAFF	5	26,790	38,966	46,821	62,883	65,510	59,160	72,516	77,012	81,555

Table SA23 – Salaries, allowances and benefits – councillors and senior managers

MP301 Albert Luthuli - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib. 1.	Allowances	Performance Bonuses	In-kind benefits 2.	Total Package 3.
Rand per annum								
Councillors	4							
Speaker	5		362,976	71,724	139,632			574,332
Chief Whip			340,284	51,048	132,060			523,392
Executive Mayor			453,720	85,332	169,872			708,924
Deputy Executive Mayor								-
Executive Committee			1,582,344	271,908	618,252			2,472,504
Total for all other councillors			4,346,736	731,700	1,995,000			7,073,436
Total Councillors	9	-	7,086,060	1,211,712	3,054,816			11,352,588
Senior Managers of the Municipality	6							
Municipal Manager (MM)			596,748	131,280	78,000	64,482	-	870,510
Chief Finance Officer			479,112	144,444	72,000	55,644	-	751,200
Deputy City Manager - Governance			472,596	152,988	84,000	56,767	-	766,351
Deputy City Manager - Procurement & Infrastructure			450,624	111,672	120,000	54,584	-	736,880
Deputy City Manager - Health, Safety & Social Issues			1,077,688	130,764	102,708	104,893	-	1,416,053
Deputy City Manager - Corporate & Human Resources			497,880	109,536	78,000	54,833	-	740,249
<i>List of each official with packages >= senior manager</i>								
Head: Internal Audit & Performance Management			-	-	-	-	-	-
Head: Geographical Information & Policy			-	-	-	-	-	-
Head Office of Intergovernmental & Governance Relations			-	-	-	-	-	-
Total Senior Managers of the Municipality	9	-	3,574,648	780,684	534,708	391,203	-	5,281,243
A Heading for Each Entity	7, 8							
List each member of board by designation								
Chief Executive Officer (CEO)			-	-	-	-	-	-
			-	-	-	-	-	-
Total for municipal entities	9	-	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		-	10,660,708	1,992,396	3,589,524	391,203	-	16,633,831

Table SA24 – Summary of personnel numbers

MP301 Albert Luthuli - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2008/9			Current Year 2009/10			Budget Year 2010/11		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		44	-	44	44	-	44	44	-	44
Board Members of municipal entities	3	-	-	-	-	-	-	-	-	-
Municipal employees	4	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	2	7	-	7	7	-	7	-	-	7
Other Managers	6	13	-	13	14	-	14	-	-	14
Professionals		43	43	-	44	40	4	44	40	4
Finance		36	36	-	37	33	4	37	33	4
Spatial/town planning		5	5	-	5	5	-	5	5	-
Information Technology		2	2	-	2	2	-	2	2	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		-	-	-	73	73	-	73	73	-
Technicians		103	103	-	113	113	-	115	115	-
Finance		-	-	-	-	-	-	-	-	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		42	42	-	44	44	-	44	44	-
Electricity		10	10	-	12	12	-	14	14	-
Water		15	15	-	17	17	-	17	17	-
Sanitation		12	12	-	14	14	-	14	14	-
Refuse		24	24	-	26	26	-	26	26	-
Other		116	116	-	49	49	-	49	49	-
Clerks (Clerical and administrative)		13	13	-	4	4	-	4	4	-
Service and sales workers		-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		4	4	-	-	-	-	-	-	-
Elementary Occupations		-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL NUMBERS		343	279	64	348	279	69	329	281	69
% increase			(18.7%)	(77.1%)	443.8%	335.9%	7.8%	376.8%	(14.6%)	(75.4%)
Total municipal employees headcount	5	-	-	-	-	-	-	-	-	-
Finance personnel headcount	7	-	-	-	-	-	-	-	-	-
Human Resources personnel headcount	7	-	-	-	2	2	-	-	-	-

Table SA25 – Budget monthly revenue and expenditure

MP301 Albert Luthuli - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand																
Revenue By Source																
Property rates		2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	26,570	28,217	29,882
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		2,564	2,564	2,564	2,564	2,564	2,564	2,564	2,564	2,564	2,564	2,564	2,564	30,772	39,753	49,244
Service charges - water revenue		277	277	277	277	277	277	277	277	277	277	277	277	3,320	3,526	3,734
Service charges - sanitation revenue		320	320	320	320	320	320	320	320	320	320	320	320	3,835	4,072	4,313
Service charges - refuse revenue		211	211	211	211	211	211	211	211	211	211	211	211	2,537	2,694	2,853
Service charges - other		61	61	61	61	61	61	61	61	61	61	61	61	729	774	820
Rental of facilities and equipment		11	11	11	11	11	11	11	11	11	11	11	11	135	143	152
Interest earned - external investments		392	392	392	392	392	392	392	392	392	392	392	392	4,698	4,990	5,284
Interest earned - outstanding debtors		924	924	924	924	924	924	924	924	924	924	924	924	11,083	11,770	12,465
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		45	45	45	45	45	45	45	45	45	45	45	45	540	573	607
Licences and permits		84	84	84	84	84	84	84	84	84	84	84	84	1,004	1,066	1,129
Agency services		74	74	74	74	74	74	74	74	74	74	74	74	891	947	1,002
Transfers recognised - operational		11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	137,614	143,234	149,881
Other revenue		(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)	(12,607)	(13,389)	(14,179)
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and cont		17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	211,120	228,371	247,186
Expenditure By Type																
Employee related costs		6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	72,516	77,012	81,556
Remuneration of councillors		946	946	946	946	946	946	946	946	946	946	946	946	11,353	12,056	12,768
Debt impairment		991	991	991	991	991	991	991	991	991	991	991	991	11,892	12,630	13,375
Depreciation & asset impairment		1,898	1,898	1,898	1,898	1,898	1,898	1,898	1,898	1,898	1,898	1,898	1,898	22,774	24,186	25,613
Finance charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bulk purchases		1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	21,535	27,031	33,968
Other materials		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services		1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	15,187	16,129	17,081
Transfers and grants		18	18	18	18	18	18	18	18	18	18	18	18	216	229	243
Other expenditure		4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	55,646	59,096	62,583
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	211,120	228,371	247,186
Surplus/(Deficit)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers recognised - capital		4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708

Table SA26 - Budget monthly revenue and expenditure (municipal vote)

MP301 Albert Luthuli - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand																
Revenue by Vote																
Vote1 - Planning and Economic Development		4	4	4	4	4	4	4	4	4	4	4	4	48	51	54
Vote2 - Corporate Services		73	73	73	73	73	73	73	73	73	73	73	73	882	937	992
Vote3 - Community Services		111	111	111	111	111	111	111	111	111	111	111	111	1,331	1,414	1,497
Vote4 - Finance		18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	216,282	222,318	252,290
Vote5 - Public Safety		205	205	205	205	205	205	205	205	205	205	205	205	2,465	2,618	2,772
Vote6 - Technical Services		4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	48,113	49,372	52,289
Vote7 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote8 - Council General		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote9 - Work in Progress		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	269,120	276,709	309,894
Expenditure by Vote to be appropriated																
Vote1 - Planning and Economic Development		1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	13,339	14,166	15,002
Vote2 - Corporate Services		1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	13,412	14,243	15,084
Vote3 - Community Services		1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	20,181	21,432	22,696
Vote4 - Finance		2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	27,291	28,983	30,693
Vote5 - Public Safety		1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	17,053	18,110	19,179
Vote6 - Technical Services		7,254	7,254	7,254	7,254	7,254	7,254	7,254	7,254	7,254	7,254	7,254	7,254	87,053	96,612	107,653
Vote7 - Internal Audit		194	194	194	194	194	194	194	194	194	194	194	194	2,333	2,478	2,624
Vote8 - Council General		2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	30,458	32,347	34,255
Vote9 - Work in Progress		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	211,120	228,371	247,186
Surplus/(Deficit) before assoc.		4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708
Tax ation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708

Table SA27 – Budget monthly revenue and expenditure by classification

MP301 Albert Luthuli - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue - Standard																
Governance and administration		18,091	18,091	18,091	18,091	18,091	18,091	18,091	18,091	18,091	18,091	18,091	18,091	217,091	223,177	253,200
Executive and council		63	63	63	63	63	63	63	63	63	63	63	63	751	798	845
Budget and treasury office		18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	18,023	216,282	222,318	252,290
Corporate services		5	5	5	5	5	5	5	5	5	5	5	5	58	61	65
Community and public safety		221	221	221	221	221	221	221	221	221	221	221	221	2,650	2,814	2,980
Community and social services		15	15	15	15	15	15	15	15	15	15	15	15	181	192	203
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	4	5	5
Public safety		205	205	205	205	205	205	205	205	205	205	205	205	2,465	2,618	2,772
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		106	106	106	106	106	106	106	106	106	106	106	106	1,267	1,346	1,425
Planning and development		4	4	4	4	4	4	4	4	4	4	4	4	48	51	54
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		102	102	102	102	102	102	102	102	102	102	102	102	1,219	1,295	1,371
Trading services		4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	48,113	49,372	52,289
Electricity		2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	28,865	37,728	47,099
Water		1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	16,619	8,853	2,233
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		219	219	219	219	219	219	219	219	219	219	219	219	2,628	2,791	2,956
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Standard		22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	22,427	269,120	276,709	309,894
Expenditure - Standard																
Governance and administration		6,332	6,332	6,332	6,332	6,332	6,332	6,332	6,332	6,332	6,332	6,332	6,332	75,990	80,701	85,462
Executive and council		3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	43,090	45,762	48,462
Budget and treasury office		2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399	28,786	30,571	32,375
Corporate services		343	343	343	343	343	343	343	343	343	343	343	343	4,113	4,368	4,626
Community and public safety		2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647	31,769	33,739	35,730
Community and social services		741	741	741	741	741	741	741	741	741	741	741	741	8,887	9,438	9,995
Sport and recreation		394	394	394	394	394	394	394	394	394	394	394	394	4,726	5,019	5,315
Public safety		1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	17,053	18,110	19,179
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		92	92	92	92	92	92	92	92	92	92	92	92	1,104	1,172	1,241
Economic and environmental services		2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	31,812	33,784	35,777
Planning and development		863	863	863	863	863	863	863	863	863	863	863	863	10,355	10,997	11,645
Road transport		1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172	14,067	14,940	15,821
Environmental protection		616	616	616	616	616	616	616	616	616	616	616	616	7,390	7,848	8,311
Trading services		5,962	5,962	5,962	5,962	5,962	5,962	5,962	5,962	5,962	5,962	5,962	5,962	71,549	80,146	90,216
Electricity		2,961	2,961	2,961	2,961	2,961	2,961	2,961	2,961	2,961	2,961	2,961	2,961	35,536	41,870	49,643
Water		2,459	2,459	2,459	2,459	2,459	2,459	2,459	2,459	2,459	2,459	2,459	2,459	29,508	31,368	33,258
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		542	542	542	542	542	542	542	542	542	542	542	542	6,505	6,909	7,316
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard		17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	17,593	211,120	228,371	247,186
Surplus/(Deficit) before assoc.		4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708

Table SA28 – Budgeted monthly capital expenditure (municipal vote)

MP301 Albert Luthuli - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Multi-year expenditure to be appropriated	1															
Vote1 - Planning and Economic Development		21	21	21	21	21	21	21	21	21	21	21	21	250	100	106
Vote2 - Corporate Services		65	65	65	65	65	65	65	65	65	65	65	65	784	403	427
Vote3 - Community Services		287	287	287	287	287	287	287	287	287	287	287	287	3,442	3,900	4,130
Vote4 - Finance		39	39	39	39	39	39	39	39	39	39	39	39	471	1,542	1,633
Vote5 - Public Safety		538	538	538	538	538	538	538	538	538	538	538	538	6,453	2,739	2,901
Vote6 - Technical Services		6,547	6,547	6,547	6,547	6,547	6,547	6,547	6,547	6,547	6,547	6,547	6,547	78,564	7,417	7,855
Vote7 - Internal Audit		7	7	7	7	7	7	7	7	7	7	7	7	79	100	106
Vote8 - Council General		31	31	31	31	31	31	31	31	31	31	31	31	377	113	120
Vote9 - Work in Progress		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	90,419	16,315	17,278
Single-year expenditure to be appropriated																
Vote1 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	260	-
Vote3 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote4 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote5 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote6 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	55,095	70,139
Vote7 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote8 - Council General		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote9 - Work in Progress		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	55,355	70,139
Total Capital Expenditure	2	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	90,419	71,670	87,416

Table SA29 – Budgeted monthly capital expenditure

MP301 Albert Luthuli - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		136	136	136	136	136	136	136	136	136	136	136	136	1,632	2,298	2,434
Executive and council		31	31	31	31	31	31	31	31	31	31	31	31	377	219	232
Budget and treasury office		39	39	39	39	39	39	39	39	39	39	39	39	471	2,079	2,202
Corporate services		65	65	65	65	65	65	65	65	65	65	65	65	784	-	-
<i>Community and public safety</i>		825	825	825	825	825	825	825	825	825	825	825	825	9,894	5,550	5,877
Community and social services		271	271	271	271	271	271	271	271	271	271	271	271	3,247	2,469	2,615
Sport and recreation		16	16	16	16	16	16	16	16	16	16	16	16	195	342	362
Public safety		538	538	538	538	538	538	538	538	538	538	538	538	6,453	2,739	2,901
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		75	75	75	75	75	75	75	75	75	75	75	75	900	2,270	2,404
Planning and development		21	21	21	21	21	21	21	21	21	21	21	21	250	100	106
Road transport		54	54	54	54	54	54	54	54	54	54	54	54	650	650	688
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	1,520	1,609
<i>Trading services</i>		6,488	6,488	6,488	6,488	6,488	6,488	6,488	6,488	6,488	6,488	6,488	6,488	77,861	61,552	76,701
Electricity		1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	16,392	8,000	10,000
Water		3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	37,756	47,671	60,474
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	23,713	5,881	6,228
<i>Other</i>		11	-	-	-	-	-	-	-	-	-	-	121	132	-	-
Total Capital Expenditure - Standard	2	7,535	7,524	7,524	7,524	7,524	7,524	7,524	7,524	7,524	7,524	7,524	7,645	90,419	71,670	87,416

Table SA30 – Budgeted monthly cash flow

MP301 Albert Luthuli - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Cash Receipts By Source													1		
Property rates	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168	26,022	22,981	24,406
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	18,603	32,377	40,219
Service charges - water revenue	215	215	215	215	215	215	215	215	215	215	215	215	2,583	2,872	3,050
Service charges - sanitation revenue	112	112	112	112	112	112	112	112	112	112	112	112	1,345	3,317	3,522
Service charges - refuse revenue	75	75	75	75	75	75	75	75	75	75	75	75	894	2,194	2,330
Service charges - other	21	21	21	21	21	21	21	21	21	21	21	21	255	630	670
Rental of facilities and equipment	29	29	29	29	29	29	29	29	29	29	29	29	353	117	124
Interest earned - external investments	392	392	392	392	392	392	392	392	392	392	392	392	4,698	4,990	5,284
Interest earned - outstanding debtors	819	819	819	819	819	819	819	819	819	819	819	819	9,823	5,467	5,818
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines	21	21	21	21	21	21	21	21	21	21	21	21	255	467	496
Licences and permits	64	64	64	64	64	64	64	64	64	64	64	64	770	868	922
Agency services	26	26	26	26	26	26	26	26	26	26	26	26	312	771	819
Transfer receipts - operational	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	11,468	137,614	143,234	149,881
Other revenue	68	68	68	68	68	68	68	68	68	68	68	68	819	(10,904)	(11,580)
Cash Receipts by Source	17,029	17,029	17,029	17,029	17,029	17,029	17,029	17,029	17,029	17,029	17,029	17,029	204,347	209,379	225,959
Other Cash Flows by Source															
Transfer receipts - capital	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,000	48,339	62,708
Contributions recognised - capital & Contributed a	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(4,515)	(4,795)	(5,078)
Total Cash Receipts by Source	21,486	21,486	21,486	21,486	21,486	21,486	21,486	21,486	21,486	21,486	21,486	21,486	257,832	252,923	283,589
Cash Payments by Type															
Employee related costs	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	72,516	77,012	81,556
Remuneration of councillors	946	946	946	946	946	946	946	946	946	946	946	946	11,353	12,056	12,768
Collection costs	258	258	258	258	258	258	258	258	258	258	258	258	3,099	3,532	3,745
Interest paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bulk purchases - Electricity	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	18,096	23,968	30,166
Bulk purchases - Water & Sewer	13	13	13	13	13	13	13	13	13	13	13	13	153	315	334
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services	958	958	958	958	958	958	958	958	958	958	958	958	11,493	15,658	16,605
Grants and subsidies paid - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grants and subsidies paid - other	18	18	18	18	18	18	18	18	18	18	18	18	216	229	243
General expenses	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267	39,210	45,472	48,221
Cash Payments by Type	13,011	13,011	13,011	13,011	13,011	13,011	13,011	13,011	13,011	13,011	13,011	13,011	156,135	178,243	193,637
Other Cash Flows/Payments by Type															
Capital assets	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	90,419	71,670	87,416
Repayment of borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	20,546	20,546	20,546	20,546	20,546	20,546	20,546	20,546	20,546	20,546	20,546	20,546	246,554	249,913	281,053
NET INCREASE/(DECREASE) IN CASH HELD	940	940	940	940	940	940	940	940	940	940	940	940	11,277	3,010	2,536
Cash/cash equivalents at the month/year begin:	(7,552)	(6,612)	(5,672)	(4,733)	(3,793)	(2,853)	(1,913)	(973)	(34)	906	1,846	2,786	(7,552)	3,725	6,735
Cash/cash equivalents at the month/year end:	(6,612)	(5,672)	(4,733)	(3,793)	(2,853)	(1,913)	(973)	(34)	906	1,846	2,786	3,725	3,725	6,735	9,271

Table SA31 – Entities

Not applicable as the Municipality does not have any entities.

Table SA32 – List of external mechanism

None

Table SA33 – Contracts having future budgetary implications

MP301 Albert Luthuli - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2009/10	2010/11 Medium Term Revenue & Expenditure Framework			Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Augementation of Water Supply to methula Water tre		-	-	5,000	2,000	-	-	-	-	-	-	-	-	7,000
Master Planning Design and Master Planning of Meth		-	-	8,000	9,000	-	-	-	-	-	-	-	-	17,000
Contract 3 etc		-	-	23,000	24,000	-	-	-	-	-	-	-	-	47,000
Total Capital Expenditure Implication		-	-	36,000	35,000	-	-	-	-	-	-	-	-	71,000
Total Parent Expenditure Implication		-	-	36,000	35,000	-	-	-	-	-	-	-	-	71,000
Entities:														
Revenue Obligation By Contract	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

Table SA34a – Capital expenditure on new assets

MP301 Albert Luthuli - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			33,002	14,697	9,749	59,237	81,326	81,326	74,522	51,909	54,972
Infrastructure - Road transport			—	—	2,005	500	1,374	1,374	650	650	688
Roads, Pavements & Bridges			—	—	2,005	500	1,374	1,374	650	650	688
Storm water			—	—	—	—	—	—	—	—	—
Infrastructure - Electricity			28,036	7,935	2,808	15,996	16,885	16,885	14,802	3,800	4,025
Generation			—	—	—	—	—	—	—	—	—
Transmission & Reticulation			28,036	7,935	2,808	15,996	16,885	16,885	14,802	3,800	4,025
Street Lighting			—	—	—	—	—	—	—	—	—
Infrastructure - Water			4,954	5,958	4,936	14,820	21,035	21,035	35,675	46,927	49,696
Dams & Reservoirs			—	—	—	14,820	21,035	21,035	34,475	46,927	49,696
Water purification			—	—	—	—	—	—	1,200	—	—
Reticulation			4,954	5,958	4,936	—	—	—	—	—	—
Infrastructure - Sanitation			—	—	—	22,730	34,244	34,244	23,395	500	530
Reticulation			—	—	—	—	—	—	2,120	—	—
Sewerage purification			—	—	—	22,730	34,244	34,244	21,275	500	530
Infrastructure - Other			12	805	—	5,191	7,788	7,788	—	32	34
Waste Management			12	805	—	—	—	—	—	—	—
Transportation			—	—	—	—	—	—	—	—	—
Gas			—	—	—	—	—	—	—	—	—
Other			—	—	—	5,191	7,788	7,788	—	32	34
Community			2,839	15,887	—	404	431	431	3,511	419	443
Parks & gardens			44	1,886	—	60	60	60	—	66	70
Sportsfields & stadia			—	—	—	—	—	—	—	—	—
Swimming pools			—	—	—	—	—	—	—	—	—
Community halls			—	—	—	284	371	371	—	352	373
Libraries			180	152	—	60	—	—	—	—	—
Recreational facilities			—	—	—	—	—	—	—	—	—
Fire, safety & emergency			5	287	—	—	—	—	2,250	—	—
Security and policing			—	—	—	—	—	—	—	—	—
Buses			—	—	—	—	—	—	—	—	—
Clinics			—	—	—	—	—	—	—	—	—
Museums & Art Galleries			—	—	—	—	—	—	—	—	—
Cemeteries			—	—	—	—	—	—	—	—	—
Social rental housing			—	—	—	—	—	—	—	—	—
Other			2,611	13,563	—	—	—	—	1,261	—	—
Heritage assets			—	317	285	—	—	—	—	—	—
Buildings			—	317	—	—	—	—	—	—	—
Other			—	—	285	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Housing development			—	—	—	—	—	—	—	—	—
Other			—	—	—	—	—	—	—	—	—
Other assets			770	—	9,279	9,802	9,661	9,661	12,387	19,342	32,001
General vehicles			—	—	5,774	4,239	4,239	4,239	7,479	3,565	3,775
Specialised vehicles			—	—	—	1,525	1,525	1,525	—	3,273	3,466
Plant & equipment			—	—	97	2,308	2,292	2,292	2,770	1,284	1,360
Computers - hardware/equipment			—	—	627	—	—	—	591	—	—
Furniture and other office equipment			—	—	867	1,559	1,505	1,505	561	1,775	1,880
Abattoirs			—	—	—	—	—	—	—	—	—
Markets			—	—	—	—	—	—	—	—	—
Civic Land and Buildings			—	—	—	—	—	—	—	—	—
Other Buildings			—	—	—	—	—	—	986	—	—
Other Land			—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)			—	—	—	—	—	—	—	—	—
Other			770	—	1,913	171	100	100	—	9,446	21,521
Agricultural assets			—	—	—	—	—	—	—	—	—
List sub-class			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
List sub-class			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
Computers - software & programming			—	—	—	—	—	—	—	—	—
Other (list sub-class)			—	—	—	—	—	—	—	—	—
Total Capital Expenditure on new assets		1	36,612	30,901	19,313	69,443	91,418	91,418	90,419	71,670	87,416
Specialised vehicles			—	—	—	1,525	1,525	1,525	—	3,273	3,466
Refuse			—	—	—	1,000	1,000	1,000	—	1,250	1,324
Fire			—	—	—	525	525	525	—	2,022	2,142
Conservancy			—	—	—	—	—	—	—	—	—
Ambulances			—	—	—	—	—	—	—	—	—

Table SA34b – Capital expenditure on existing assets

MP301 Albert Luthuli - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	14	9,918	-	7,382	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	14	9,918	-	7,382	-	-	-	-
Dams & Reservoirs		-	14	9,918	-	7,382	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	1,092	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	1,092	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existin	1	-	14	11,011	-	7,382	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Table SA34c – Repairs and maintenance by asset class

MP301 Albert Luthuli - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure	2	1,243	1,549	3,658	5,808	6,217	7,203	8,123	8,627	9,136
Infrastructure - Road transport		169	289	399	1,028	1,327	1,034	2,311	2,455	2,600
Roads, Pavements & Bridges		158	233	273	868	1,067	944	1,311	1,393	1,475
Storm water		11	57	126	160	260	90	1,000	1,062	1,125
Infrastructure - Electricity		1,067	580	2,601	3,990	3,990	2,662	4,312	4,579	4,850
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		950	402	2,255	3,490	3,490	2,515	3,662	3,889	4,118
Street Lighting		117	178	346	500	500	148	650	690	731
Infrastructure - Water		7	680	659	790	900	3,507	1,500	1,593	1,687
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		7	680	659	790	900	3,507	1,500	1,593	1,687
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Housing development	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Other assets	-	1,737	633	3,651	5,075	3,079	2,205	4,223	4,485	4,750
General vehicles	-	-	37	575	3,210	1,830	169	2,533	2,690	2,849
Specialised vehicles	-	-	-	-	-	-	-	-	-	-
Plant & equipment	250	246	266	431	376	156	409	434	459	
Computers - hardware/equipment	28	101	58	295	174	122	560	595	630	
Furniture and other office equipment	69	45	29	274	178	29	224	238	252	
Abattoirs	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	-	-	-	
Civic Land and Buildings	-	-	-	-	-	-	-	-	-	
Other Buildings	655	195	136	760	461	53	497	528	559	
Other Land	25	5	30	105	60	9	-	-	-	
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	
Other	711	4	2,557	-	-	1,666	-	-	-	
Agricultural assets	-	-	-	-	-	-	-	-	-	
List sub-class	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
List sub-class	-	-	-	-	-	-	-	-	-	
Intangibles	-	-	-	-	-	-	-	-	-	
Computers - software & programming	-	-	-	-	-	-	-	-	-	
Other (list sub-class)	-	-	-	-	-	-	-	-	-	
Total Repairs and Maintenance Expenditure	1	2,980	2,182	7,310	10,882	9,296	9,409	12,347	13,112	13,886
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Table SA35 – Future Financial Implications of the capital budget

MP301 Albert Luthuli - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2010/11 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Present value
Capital expenditure	1							
Vote1 - Planning and Economic Development		250	100	106	N/A	N/A	N/A	N/A
Vote2 - Corporate Services		784	663	427	N/A	N/A	N/A	N/A
Vote3 - Community Services		3,442	3,900	4,130	N/A	N/A	N/A	N/A
Vote4 - Finance		471	1,542	1,633	N/A	N/A	N/A	N/A
Vote5 - Public Safety		6,453	2,739	2,901	N/A	N/A	N/A	N/A
Vote6 - Technical Services		78,564	62,512	77,993	N/A	N/A	N/A	N/A
Vote7 - Internal Audit		79	100	106	N/A	N/A	N/A	N/A
Vote8 - Council General		377	113	120	N/A	N/A	N/A	N/A
Vote9 - Work in Progress		-	-	-				
Example 10 - Vote10		-	-	-				
Example 11 - Vote11		-	-	-				
Example 12 - Vote12		-	-	-				
Example 13 - Vote13		-	-	-				
Example 14 - Vote14		-	-	-				
Example 15 - Vote15		-	-	-				
List entity summary if applicable								
Total Capital Expenditure		90,419	71,670	87,416	-	-	-	-
Future operational costs by vote	2							
Vote1 - Planning and Economic Development		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote2 - Corporate Services		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote3 - Community Services		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote4 - Finance		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote5 - Public Safety		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote6 - Technical Services		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote7 - Internal Audit		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote8 - Council General		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vote9 - Work in Progress		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Example 10 - Vote10								
Example 11 - Vote11								
Example 12 - Vote12								
Example 13 - Vote13								
Example 14 - Vote14								
Example 15 - Vote15								
List entity summary if applicable								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Property rates - penalties & collection charges		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service charges - electricity revenue		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service charges - water revenue		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service charges - sanitation revenue		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service charges - refuse revenue		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service charges - other		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rental of facilities and equipment		N/A	N/A	N/A	N/A	N/A	N/A	N/A
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		90,419	71,670	87,416	-	-	-	-

N/A – Information is not available

Table SA36 – Detailed capital budget by programme

MP301 Albert Luthuli - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>	5				Examples	Examples								
Water		UPGRADING OF METHULA WATER TREATMENT WORKS (Master Plan + Pumping Main)			Infrastructure					8,000	2,000			
		MASTER PLANNING , DESIGN AND IMPLEMENTATION OF EMPULUZI WATER SCHEME & UPGRADING OF EMPULUZI, PUMPING CAPACITY.			Infrastructure					5,475	9,000			
Water		UPGRADING PUMPING CAPACITY OF LUSUSHWANA WATER SCHEME			Infrastructure					2,000	7,000			
		MASTER PLANNING DESIGN AND IMPLEMENTATION OF EESTERHOEK WATER TREATMENT WORKS.			Infrastructure					8,500				
Water		UPGRADING OF PUMPING CAPACITY EESTERHOEK WATER SCHEME.			Infrastructure					2,000	1,000			
		UPGRADING PUMPING CAPACITY FOR CAROLINA WATER SCHEME			Infrastructure					1,500	9,000			
Water		UPGRADING OF PUMPING CAPACITY FOR BADPLAAS WATER SCHEME.			Infrastructure					1,500	5,500			
		MASTER PLANNING DESIGN AND IMPLEMENTATION OF BADPLAAS WATER SCHEME.			Infrastructure					5,000				
Waste		VIP:S IN GLENMORE,REDHILL,DUNDONULD& SLOVO(PHASE 8)			Infrastructure					2,200		52,416		
Waste		VIP"S IN WARD 3			Infrastructure					1,500	15,020	25,000		
Waste		VIP"S IN Hareford (Ward 6)			Infrastructure					500	1,000			
Waste		Waterborne Sewer at Goba, Mayflower extension Ext E & Phola (Phase 2)			Infrastructure					1,500				
		Completion of water reticulation in Nhlazatshe 1			Infrastructure					500				
Waste		VIP"S IN WARD 19			Infrastructure					350				
Water		Completion of Sewer network in Silobela Extension 2&3			Infrastructure					2,000	7,000			

MP301 Albert Luthuli - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
R thousand	5													
Waste		VIP'S IN WARD 20			Infrastructure					3,000	500			
Waste		VIP'S IN WARD 18			Infrastructure					1,000	1,200			
Waste		VIP'S IN WARD 16			Infrastructure					500	950			
Waste		VIP'S IN WARD 13			Infrastructure					1,000	1,500			
		VIP'S IN WARD 2 FERNIE PHASE 2			Infrastructure									
Waste		\$ 3								1,500				
Waste		VIP'S IN WARD 14			Infrastructure					500	500			
Waste		VIP'S IN WARD 10			Infrastructure					1,250	2,500			
Waste		VIP'S IN Nordeen and Tinkulungwane (Phase 2)			Infrastructure					2,975				
Waste		VIP'S IN Nhlazatshe 1 and Sorounding (Ward 9)			Infrastructure					500				
Waste		VIP'S IN Mayflow ergate			Infrastructure					1,000				
Public Safety		CONSTR. OF FIRESTATION- CAROLINA/SIOBELA			Infrastructure					2,250				
Electricity		House holds connections (Various wards			Infrastructure					6,000	8,000	10,000		
Electricity		Post connections (Various wards)			Infrastructure					1,500				
Electricity		Non Grid (Solar panel system)			Infrastructure					1,500				
Electricity		Street Lighting			Infrastructure					1,000				
Assessment Rates		Furniture and fittings								80				
Assessment Rates		Equipment and tools								182				
Assessment Rates		Computers/hard/software								15				
Cemetery		Fencing and grounds								48				
Cemetery		Vehicles								793				
Community Services		Fencing and grounds								120				
Community Services		Furniture and fittings								32				
Community Services		Buildings and terrain								30				
Community Services		Motor vehicles								380				
Community Services		Computers - hard/software								50				
Council General		Furniture and fittings								5				
Council General		Equipment and tools								70				
Council General		Motor Vehicle								250				
Council General		Computers hard/software								20				
Disaster		Furniture and fittings								45				

MP301 Albert Luthuli - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
R thousand	5													
Disaster		Equipment and tools								10				
Disaster		Computers hard/software								45				
Electricity		Equipment and Tools								901				
Electricity		Vehicles								689				
Electricity		Infrastructure								4,802				
Executive Mayor		Computers hard/software								32				
Finance Admin		Equipment and tools								10				
Finance Admin		Computers - hard/software								5				
Finance Expenditure		Furniture and fittings								45				
Finance Expenditure		Computers - hard/software								80				
Fire		Furniture and equipment								50				
Fire		Equipment and tools								400				
Fire		Vehicles								1,908				
Fire		Computers hard/software								15				
Internal Audit		Furniture % Fittings								15				
Internal Audit		Equipment and tools								16				
Internal Audit		Computers - hard/software								16				
IT Section		Computer hard/software								70				
Licencing		Fencing and gro								60				
Licencing		Furniture and fittings								80				
Licencing		Buildings and terrain								300				
Licencing		Tools and equipment								100				
Municipal Building		Buildings and terrain								636				
Municipal Building		Equipment and tools								78				
Parks & Recreation		Equipment and tools								100				
Parks & Recreation		Vehicles								95				
Planning & Economic Development		Furniture and fittings								100				
Planning & Economic Development		Computers - hardware/software								150				
Public works		Infrastructure								650				
Refuse removal		Building,Fencing & Terrain								450				
Refuse removal		Equipment and tools								345				
Refuse removal		Vehicles								1,000				
Risk Managemnt		Equipment and tools								16				
Risk Managemnt		Computers - hard/software								16				
Safety & Security		Furniture and fittings								60				
Safety & Security		Equipment and Tools								100				
Safety & Security		Vehicles								200				
Sanitation		Equipment and tools								212				
Sanitation		Vehicles								106				
Sanitation		Infrastructure								2,120				

MP301 Albert Luthuli - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
	5													
Supply Chain		Furniture and fittings								10				
Supply Chain		Building & Terrain								20				
Supply Chain		Computers hard/software								24				
Technical Services		Computers - hard/software								53				
Traffic		Equipment and tools								150				
Traffic		Motor vehicles								680				
Water		Fencing and grounds								583				
Water		Furniture and fittings								40				
Water		Equipment and tools								80				
Water		Motor vehicles								1,378				
Water		Infrastructure								1,200				
Total Capital expenditure	1									90,419	71,670	87,416		
Entities: <i>List all capital projects grouped by Entity</i>														
Entity A Water project A														
Entity B Electricity project B														
Total Capital expenditure	2									-	-	-		

Table SA37 – Projects delayed from previous financial years

MP301 Albert Luthuli - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Project name	Project number	Asset Class 3.	Asset Sub-Class 3.	Previous target year to complete	Current Year 2009/10		2010/11 Medium Term Revenue & Expenditure Framework		
						Original Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand					Year					
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>			<i>Examples</i>	<i>Examples</i>						
WATER SCHEMES (DWAF) A - 08/	Refurshment of DWAF Water Scheme		<i>Water</i>			128	128			
Electricification of Household	Electricification		Electricity			272	272			
Water Reiculation	Reticulatiojn		Water Reiculation			868	868			
Water	VIP's		VIP			5,352	5,352			
Entities: <i>List all capital projects grouped by Municipal Entity</i>										
Entity Name <i>Project name</i>										

Schedule 2 – Proposed Tariffs

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
1	<u>CORPORATE SERVICES</u>					
1.1	<u>TOWN HALL OFFICES & BUILDINGS</u>					
1.1.1	<u>EKULINDENI, MOOIPLAAS, ELUKWATINI, CAROLINA, SILOBELA</u>					
	<u>STEYNSDORP, MANZANA AND TJAKASTAD</u>					
	-					
1.1.1.1	<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>					
	<u>RENTAL</u>					
	Dance, Wedding, Reception, Film shows	210.00	0.00	210.00	233.10	0.11
	Public meetings - Political	210.00	0.00	210.00	233.10	0.11
	Public meetings - Community	140.00	0.00	140.00	155.40	0.11
	Public meetings - Business	290.00	0.00	290.00	321.90	0.11
	Concerts and drama shows - Professional	290.00	0.00	290.00	321.90	0.11
	Concerts and drama shows - amateur	115.00	0.00	115.00	127.65	0.11
	Music - vocals	115.00	0.00	115.00	127.65	0.11
	Music - instruments	290.00	0.00	290.00	321.90	0.11
	Registered welfare organisations	FREE	0.00	0.00	-	
	Non-registered welfare organisations	115.00	0.00	115.00	127.65	0.11
	Community awareness - government	FREE	0.00	FREE	FREE	
	Community awareness - non-government organisations	115.00	0.00	115.00	127.65	0.11
	Week-end camps - churches	210.00	0.00	210.00	233.10	0.11
	Week-end camps - other	350.00	0.00	350.00	388.50	0.11
	Creches, nursery schools & grade R	125.00	0.00	125.00	138.75	0.11
					-	
1.1.1.2	<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>				-	
	<u>RENTAL</u>				-	
	Dance, Wedding, Reception, Film shows	350.00	0.00	350.00	388.50	0.11
	Public meetings - Political	350.00	0.00	350.00	388.50	0.11
	Public meetings - Community	290.00	0.00	290.00	321.90	0.11
	Public meetings - Business	465.00	0.00	465.00	516.15	0.11
	Concerts and drama shows - Professional	465.00	0.00	465.00	516.15	0.11

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
	Concerts and drama shows - amateur	210.00	0.00	210.00	233.10	0.11
	Music - vocals	210.00	0.00	210.00	233.10	0.11
	Music - intruments	460.00	0.00	460.00	510.60	0.11
	Registered welfare organistations	230.00	0.00	230.00	255.30	0.11
	Non-registered welfare organisations	115.00	0.00	115.00	127.65	0.11
	Community awareness - government	free	0.00	FREE	FREE	
	Community awareness - non-government organisations	245.00	0.00	245.00	271.95	0.11
	Week-end camps - churches	290.00	0.00	290.00	321.90	0.11
	Week-end camps - other	460.00	0.00	460.00	510.60	0.11
	Creches,nursery schools &grade R	208.00	0.00	208.00	230.88	0.11
					-	
1.1.2	<u>TOWN HALL OFFICES & BUILDINGS</u>				-	
	MAYFLOWER, FERNIE-A&B, GLENMORE, SWALLOWSNEST, DIEPDALE				-	
					-	
1.1.2.1	<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>				-	
	<u>RENTAL</u>				-	
	Dance, Wedding, Reception, Film shows	210.00	0.00	210.00	233.10	0.11
	Public meetings - Political	210.00	0.00	210.00	233.10	0.11
	Public meetings - Community	140.00	0.00	140.00	155.40	0.11
	Public meetings - Business	290.00	0.00	290.00	321.90	0.11
	Public meetings : Political, Community, Business	FREE	0.00	FREE	FREE	
	Concerts and drama shows - Proffessional	290.00	0.00	290.00	321.90	0.11
	Concerts and drama shows - amateur	115.00	0.00	115.00	127.65	0.11
	Music - vocals	115.00	0.00	115.00	127.65	0.11
	Music - intruments	290.00	0.00	290.00	321.90	0.11
	Registered welfare organistations	115.00	0.00	115.00	127.65	0.11
	Non-registered welfare organisations	85.00	0.00	85.00	94.35	0.11
	Community awareness - government	FREE	0.00	FREE	FREE	
	Community awareness - non-government organisations	115.00	0.00	115.00	127.65	0.11
	Week-end camps - churches	210.00	0.00	210.00	233.10	0.11
	Week-end camps - other	350.00	0.00	350.00	388.50	0.11
	Creches,nursery schools &grade R	125.00	0.00	125.00	138.75	

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
						0.11
					-	
1.1.2.2	<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>				-	
	<u>RENTAL</u>				-	
	Dance, Wedding, Reception, Film shows	350.00	0.00	350.00	388.50	0.11
	Public meetings - Political	350.00	0.00	350.00	388.50	0.11
	Public meetings - Community	290.00	0.00	290.00	321.90	0.11
	Public meetings - Business	465.00	0.00	465.00	516.15	0.11
	Concerts and drama shows - Professional	465.00	0.00	465.00	516.15	0.11
	Concerts and drama shows - amateur	210.00	0.00	210.00	233.10	0.11
	Music - vocals	210.00	0.00	210.00	233.10	0.11
	Music - instruments	460.00	0.00	460.00	510.60	0.11
	Registered welfare organisations	230.00	0.00	230.00	255.30	0.11
	Non-registered welfare organisations	115.00	0.00	115.00	127.65	0.11
	Community awareness - government	free	0.00	FREE	#VALUE!	
	Community awareness - non-government organisations	245.00	0.00	245.00	271.95	0.11
	Week-end camps - churches	290.00	0.00	290.00	321.90	0.11
	Week-end camps - other	460.00	0.00	460.00	510.60	0.11
	Creches,nursery schools &grade R	208.00	0.00	208.00	230.88	0.11
					-	
					-	
1.2	<u>STADIUM</u>				-	
1.2.1	<u>ELUKWATINI</u>				-	
1.2.1.1	<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>				-	
	<u>RENTAL</u>				-	
	Public meetings - Political	1,390.00	0.00	1,390.00	1,542.90	0.11
	Public meetings - Community	1,040.00	0.00	1,040.00	1,154.40	0.11
	Public meetings - Business	1,200.00	0.00	1,200.00	1,332.00	0.11
	Concerts and drama shows - Professional	230.00	0.00	230.00	255.30	0.11
	Concerts and drama shows - amateur	175.00	0.00	175.00	194.25	0.11
	Music - vocals	870.00	0.00	870.00	965.70	0.11
	Music - instruments	1,040.00	0.00	1,040.00	1,154.40	0.11
	Music: promotions and marketing - instruments	870.00	0.00	870.00	965.70	0.11

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
	Music: promotions and marketing - vocals	405.00	0.00	405.00	449.55	0.11
	Registered welfare organistations	290.00	0.00	290.00	321.90	0.11
	Non-registered welfare organisations	290.00	0	290.00	321.90	0.11
	Community awareness - government	FREE	0.00	FREE	#VALUE!	#VALUE!
	Community awareness - non-government organisations	115.00	0.00	115.00	127.65	0.11
	Churches	750.00	0.00	750.00	832.50	0.11
	Soccer : Proffessional	1,040.00	0.00	1,040.00	1,154.40	0.11
	Soccer : Amateur	350.00	0.00	350.00	388.50	0.11
	Soccer : Schools	207.00	0.00	207.00	229.77	0.11
					-	
1.2.1.2	<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>				-	
	<u>RENTAL</u>				-	
	Public meetings - Political	2,775.00	0.00	2,775.00	3,080.25	0.11
	Public meetings - Community	2,080.00	0.00	2,080.00	2,308.80	0.11
	Public meetings - Business	1,735.00	0.00	1,735.00	1,925.85	0.11
	Concerts and drama shows - Proffessional	290.00	0.00	290.00	321.90	0.11
	Concerts and drama shows - amateur	230.00	0.00	230.00	255.30	0.11
	Music - vocals	1,040.00	0.00	1,040.00	1,154.40	0.11
	Music - intruments	1,390.00	0.00	1,390.00	1,542.90	0.11
	Music: promotions and marketing - instruments	1,160.00	0.00	1,160.00	1,287.60	0.11
	Music: promotions and marketing - vocals	695.00	0.00	695.00	771.45	0.11
	Registered welfare organistations	870.00	0.00	870.00	965.70	0.11
	Non-registered welfare organisations	870.00	0.00	870.00	965.70	0.11
	Community awareness - government	FREE	0.00	FREE	#VALUE!	
	Community awareness - non-government organisations	175.00	0.00	175.00	194.25	0.11
	Churches	870.00	0.00	870.00	965.70	0.11
	Soccer : Proffessional	2,080.00	0.00	2,080.00	2,308.80	0.11
	Soccer : Amateur	695.00	0.00	695.00	771.45	0.11
	Soccer : Schools	405.00	0.00	405.00	449.55	0.11
					-	
1.2	STADIUM				-	

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
1.2.2	<u>MAYFLOWER,EKULINDENI AND SILOBELA</u>				-	
					-	
1.2.2.1	<u>RESIDENTS RESIDING WITHIN THE MUNICIPAL AREA</u>				-	
	<u>RENTAL</u>				-	
	Public meetings - Political	1,390.00	0.00	1,390.00	1,542.90	0.11
	Public meetings - Community	1,040.00	0.00	1,040.00	1,154.40	0.11
	Public meetings - Business	1,160.00	0.00	1,160.00	1,287.60	0.11
	Concerts and drama shows - Professional	230.00	0.00	230.00	255.30	0.11
	Concerts and drama shows - amateur	175.00	0.00	175.00	194.25	0.11
	Music - vocals	870.00	0.00	870.00	965.70	0.11
	Music - instruments	1,040.00	0.00	1,040.00	1,154.40	0.11
	Music: promotions and marketing - instruments	870.00	0.00	870.00	965.70	0.11
	Music: promotions and marketing - vocals	405.00	0.00	405.00	449.55	0.11
	Registered welfare organisations	290.00	0.00	290.00	321.90	0.11
	Non-registered welfare organisations	290.00	0.00	290.00	321.90	0.11
	Community awareness - government	FREE	0.00	0.00	-	
	Community awareness - non-government organisations	115.00	0.00	115.00	127.65	0.11
	Churches	755.00	0.00	755.00	838.05	0.11
	Soccer : Professional	1,040.00	0.00	1,040.00	1,154.40	0.11
	Soccer : Amateur	350.00	0.00	350.00	388.50	0.11
	Soccer : Schools	210.00	0.00	210.00	233.10	0.11
					-	
					-	
1.2.2.2	<u>PEOPLE/INSTITUTIONS OUTSIDE THE MUNICIPAL AREA</u>				-	
	<u>RENTAL</u>				-	
	Public meetings - Political	2,775.00	0.00	2,775.00	3,080.25	0.11
	Public meetings - Community	2,080.00	0.00	2,080.00	2,308.80	0.11
	Public meetings - Business	1,735.00	0.00	1,735.00	1,925.85	0.11
	Concerts and drama shows - Professional	290.00	0.00	290.00	321.90	0.11
	Concerts and drama shows - amateur	230.00	0.00	230.00	255.30	0.11
	Music - vocals	1,040.00	0.00	1,040.00	1,154.40	0.11
	Music - instruments	1,390.00	0.00	1,390.00	1,542.90	0.11

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
	Music: promotions and marketing - instruments	1,160.00	0.00	1,160.00	1,287.60	0.11
	Music: promotions and marketing - vocals	700.00	0.00	700.00	777.00	0.11
	Registered welfare organistations	870.00	0.00	870.00	965.70	0.11
	Non-registered welfare organisations	870.00	0.00	870.00	965.70	0.11
	Community awareness - government	FREE	0.00	FREE	FREE	
	Community awareness - non-government organisations	175.00	0.00	175.00	194.25	0.11
	Churches	870.00	0.00	870.00	965.70	0.11
	Soccer : Proffessional	2,080.00	0.00	2,080.00	2,308.80	0.11
	Soccer : Amateur	695.00	0.00	695.00	771.45	0.11
	Soccer : Schools	405.00	0.00	405.00	449.55	0.11
2	DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT					
2.1	BUILDING PLAN FEES					
	Approval of building plans per square meter or part thereof-Residential	6.50	0.00	6.50	6.50	-
	Approval of building plans per square meter or part thereof-Business	8.50	0.00	8.50	8.50	-
	Approval of building plans per square meter or part thereof-usage not included above	8.50	0.00	8.50	8.50	-
2.2	REZONING OR SUBDIVISION					
	Residential per application	1000.00	0.00	1,000.00	1,100.00	0.10
	Commercial per application	1,500.00	0.00	1,500.00	1,650.00	0.10
	Industrial per application	1,800.00	0.00	1,800.00	2,000.00	0.11
	Farm per application	1,500.00	0.00	1,500.00	1,700.00	0.13
	Per application not included above	1,800.00	0.00	1,800.00	2,000.00	0.11
2.3	SPECIAL CONSENT					
	Per application	1,000.00	0.00	1,000.00	1,200.00	0.20
	Approval of building plans:construction of cellphone masts	1,500.00	0.00	1,500.00	1,700.00	0.13
2.4	RELAXATION OF BUILDING LINE					
	Per application	500.00	0.00	500.00	700.00	0.40
2.5	CHANGE/ADDITION OF LAND					
	Residential to include tuckshop/tavern per application	1,000.00	0.00	1,000.00	2,200.00	1.20

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
	Other changes/additions per application	1,000.00	0.00		2,200.00	
	Consolidation application	1,200.00	0.00	1,000.00	1,400.00	0.40
	<u>FINANCE</u>					
3	ASSESSMENT RATES					
3.1	MARKET VALUE(cents in the rand)					
	Residential and Churches	0.0116600	0.00	0.0116600	0.0120098	0.03
	Sectional Scheme unit used for residential	0.0116600	0.00	0.0116600	0.0120098	0.03
	Smallholding used for residential purposes	0.0116600	0.00	0.0116600	0.0120098	0.03
	Business zoned properties used for residential purpose only and occupied by owner	0.0116600	0.00	0.0116600	0.0120098	0.03
	Business	0.0233200	0.00	0.0233200	0.0240196	0.03
	Industrial	0.0233200	0.00	0.0233200	0.0240196	0.03
	Mining	0.0233200	0.00	0.0233200	0.0240196	0.03
	Government with a 20% rebate	0.0233200	0.00	0.0233200	0.0240196	0.03
	Farm land used for residential	0.002915	0.00	0.0029150	0.0030025	0.03
	Farm land used for business & commercial	0.002915	0.00	0.0029150	0.0030025	0.03
	Farm land used for agricultural	0.002915	0.00	0.0029150	0.0030025	0.03
	Farm land used for township	0.002915	0.00	0.0029150	0.0030025	0.03
	Farm land used for other purposes	0.002915	0.00	0.0029150	0.0030025	0.03
	Public service infrastructure with a 30% reduction on market value	0.0116600	0.00	0.0116600	0.0120098	0.03
	Private infrastructure used for residential purpose	0.008745	0.00	0.0087450	0.0090074	0.03
	Private infrastructure used for business and other purpose	0.017490	0.00	0.0174900	0.0180147	0.03
	Properties not included above	0.0233200	0.00	0.0233200	0.0240196	0.03
3.2	PROPERTY RATE REBATES					
3.2.1	PENSIONERS AND DISABILITY PENSIONERS					
	Up to R13,000.00 income per annum			45%		
	From R13,000.01 to R14,000.00 income per annum			30%		
	From R14,000.01 to R15,000.00 income per annum			25%		
	UP TO R49,290.00 COMBINED INCOME PER ANNUM	20%	0.00	20%	20%	-

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
3.2.2	RESIDENTIAL PROPERTY WITH MARKET VALUE LESS THAN R.60,000.00					
	THAT ARE OF AN R.D.P. STANDARDS AS PER THE APPLICABLE					
	MARKET TRENDS					
	Registered in the name of a natural person	90%	0.00	90%	90%	
3.2.3	Government Properties	20%	0.00	20%	20%	
3.2.4	REBATES ON NEWLY RATEABLE PROPERTY					
	2009-10 FINANCIAL YEAR	50%	0.00	75%	100%	0.33
3.2.5	NEWLY PRIVATE INFRASTRUCTURE DEVELOPMENT					
	FIRST 85% OF RATEABLE VALUATION FOR A MAXIMUM PERIOD	85%	0.00	85%	85%	
	OF 2 YEARS SUBJECT THAT ALL CONDITIONS ARE MET IN TERMS					
	OF CLAUSE 10.3.13 OF THE RATES POLICY OF COUNCIL					
3.2.6	RESIDENTIAL PROPERTY USED FOR					
	RESIDENTIAL PURPOSES					
	FIRST R15,000 OF THE MARKET VALUE OF SUCH A PROPERTY	FIRST R15000	0.00	FIRST R15000		
3.3.	Service charges (flat rate)					
	(where there is no metered services)					
	Household, Churches	28.90	0.00	28.90	32.00	0.11
	Business/Industry, Government	33.35	0.00	33.35	36.00	0.08
	Properties not included above	33.35	0.00	33.35	36.00	0.08
3.4	DEPOSITS - WATER					
	Owners -New households & Defaulters	270.00	0.00	270.00	280.00	0.04
	Tenants -New households & Defaulters	270.00	0.00	270.00	280.00	0.04
	New Business/Industrial and defaulters	660.00	0.00	660.00	695.00	0.05
	New Registered Indigents-Household Income R0.00 - R1100.00	0.00	0.00	0.00		
	DEPOSITS - ELECTRICITY					
	Owners -New households & Defaulters	1,110.00	0.00	1,110.00	1,175.00	0.06
	Tenants -New households & Defaulters	1,110.00	0.00	1,110.00	1,175.00	0.06
	New Small Business/Industrial and defaulters	1,110.00	0.00	1,110.00	1,175.00	0.06
	New bulk users Business/Industrial and defaulters based	3 month	0.00	3 month	3 month	

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
	on average consumption					
	New Other Business/Industrial and defaulters not included above	1,660.00	0.00	1,660.00	1,750.00	0.05
	New pre-payment users and defaulters	550.00	0.00	550.00	580.00	0.05
	New Registered Indigents-Household Income R0.00 - R1100.00	0.00	0.00	0.00		
3.5.	CERTIFICATES					
	Clearance Memorandum Fee	44.00	0.00	44.00	50.00	0.14
	Clearance Certificate Fee	2.00	0.00	2.00	2.00	-
	Valuation Certificate Fee	5.00	0.00	5.00	5.00	-
3.6	FEES PAYABLE IN TERMS OF THE ACCES TO INFORMATION					
	ACT					
	(a) In respect of the search of any index to any account not in a service register	3.30	0.00	3.30	3.46	0.05
	(b) In respect of the search of any index to an account in a service register	2.20	0.00	2.20	2.30	0.05
	(water, sanitation, sewerage, miscellaneous debts, etc.)					
	(c) For the inspection of any deed, document or diagram or any details relating thereto.	3.30	0.00	3.30	3.46	0.05
	(d) In respect of any search for information where a fee for such search has not been prescribed by (a), (b), or (c) above:-					
	for every hour or portion thereof and	R10.50 p/h	0.00	10.00 p/h		
	per page	1.00	0.00	1.00	1.00	
	(e) Electronic Info - per hour or portion thereof					
	E-Mail / Stiffy - Valuation Roll or Consolidate Balance Report	R130.00 p/h	0.00	120.00p.h		
3.7	DEMAND NOTICES					
	Administration fee	22.00	3.08	25.08	23.05	- 0.08
3.8	FEES PAYABLE IN TERMS OF SUPPLY CHAIN MANAGEMENT					
3.8.1	REGISTRATION ON SUPPLIER'S DATA BASE					
	(a) category 1-professional service provider"s	220.00	0.00	220.00	240.00	0.09
	(b)category 2-non emerging suppliers data base(objective above R100,000.00	220.00	0.00	220.00	240.00	0.09
	© category 3-emerging contractor data base (objectives between R0.00 TO R100,000.00	no cost	0.00	no cost		
3.8.2	TENDER DOCUMENTS	275.00	0.00	275.00	320.00	0.16

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
4	<u>COMMUNITY SERVICES</u>					
4.1.	PUBLIC HEALTH ADMINISTRATION					
	Registration of Food Premises	228.00	0.00	228.00	306.00	0.34
	Inspection of re-registration of food premises	114.00	0.00	114.00	153.00	0.34
	Hawkers licence per year	50.00	0.00	50.00	50.00	-
4.2.	PUBLIC HEALTH : SANITATION					
	Garden refuse per load	100.00	14.00	114.00	200.00	0.75
4.3	REFUSE REMOVAL(ALL AREAS)					
	Bin removal - household and churhes	39.40	5.52	44.92	50.76	0.13
	Bin removal - Business	197.00	27.58	224.58	253.78	0.13
	Bins removal twice a week_government institutions	197.00	27.58	224.58	253.78	0.13
	Bin Removal -Properties not included above	197.00	27.58	224.58	253.78	0.13
	Special removal or request(bulk containers)	62.50	8.75	71.25	80.51	0.13
	Special removal or request(bulk containers) per km(additional to container fee)	7.14	1.00	8.14	9.20	0.13
	Special removal or request(Pets Carcasses)	37.50	5.25	42.75	48.31	0.13
	Refuse removal outside working area:per kg or part thereof	6.36	0.89	7.25	8.19	0.13
4.4	LIBRARIES					
4.4.1	FEES					
	Fines for late material (per item/week)	7.00	0.00	3.00	12.25	3.08
	<u>Photocopiers :</u>					
	A4 (per copy)	1.00	0.00	1.00	1.00	-
	A3 (per copy)	1.20	0.00	1.50	1.80	0.20
	Membership fees renewable after three years:per adult	29.00	0.00	25.00	34.00	0.36
	Membership fees renewable after three years:children(first two,rest free)	23.00	0.00	20.00	27.00	0.35
	<u>Printing</u>					
	Black and white documents without graphics per page	1.00	0.00	1.00	1.20	0.20
	Black and white documents with graphics per page	1.50	0.00	1.50	1.70	0.13
	Colour documents without graphics per page	1.50	0.00	1.50	1.70	

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
						0.13
	Colour documents with graphics per page	3.00	0.00	3.00	3.20	0.07
	Internet: Searching for 15 minutes or part thereof	18.00	0.00	15.00	21.60	0.44
	<u>E-mail</u>					
	Sending of mail per page	7.00	0.00	2.00	24.50	11.25
	<u>Receiving per 15 minutes or part thereof</u>	15.00	0.00	15.00	15.00	-
4.5	CEMETRY					
4.5.1	HIGH LEVEL OF SERVICE:CAROLINA AND BADPLAAS					
4.5.1.1	People living inside Municipla Area					
	Single grave : Adult	570.00	0.00	400.00	644.10	0.13
	Children	399.00	0.00	300.00	450.87	0.13
	Special grave	741.00	0.00	550.00	837.33	0.13
	Single grave 8ft. deep	627.00	0.00	460.00	708.51	0.13
	Re-opening	228.00	0.00	160.00	257.64	0.13
4.5.1.2	People living outside Municipal Area				-	
	Single grave : Adult	1,083.00	0.00	850.00	1,223.79	0.13
	Children	570.00	0.00	400.00	644.10	0.13
	Special grave	1,140.00	0.00	850.00	1,288.20	0.13
4.5.2	BASIC LEVEL OF SERVICE:SILOBELA					
4.5.2.1	People living Inside Municipal Area					
	Single grave : Adult	228.00	0.00	228.00	228.00	-
	Children	121.00	0.00	121.00	121.00	-
4.5.2.2	People living outside Municipal area					
	Single grave : Adult	342.00	0.00	342.00	400.00	0.17
	Children	228.00	0.00	228.00	250.00	0.10
4.5.3	BASIC LEVEL OF SERVICE:ELUKWATINI/EKULINDENI					
4.5.3.1	People living Inside Municipal Area					
	Single grave : Adult	228.00	0.00	228.00	228.00	-
	Children	121.00	0.00	121.00	121.00	-

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
4.5.3.2	People living outside Municipal area					
	Single grave : Adult	342.00	0.00	342.00	400.00	0.17
	Children	228.00	0.00	228.00	250.00	0.10
4.5.4	BASIC LEVEL OF SERVICE:EMPULUZI					
4.5.4.1	People living Inside Municipal Area					
	Single grave : Adult	228.00	0.00	228.00	228.00	-
	Children	121.00	0.00	121.00	121.00	-
4.5.4.2	People living outside Municipal area					
	Single grave : Adult	342.00	0.00	342.00	370.00	0.08
	Children	228.00	0.00	120.00	150.00	0.25
4.5.5	Exhume and rebury					
	Badplaas	741.00	0.00	741.00	760.00	0.03
	Carolina	741.00	0.00	741.00	760.00	0.03
	Silobela	456.00	0.00	456.00	470.00	0.03
	Empuluzi	456.00	0.00	456.00	470.00	0.03
	Ekulindeni	456.00	0.00	456.00	470.00	0.03
	Elukwatini	456.00	0.00	456.00	470.00	0.03
4.5.6	SUNDRY TARIFFS					
	Erection of tomestone	114.00	0.00	114.00	150.00	0.32
	Payment of services on pauper burial (expenditure)	1,500.00	0.00	1,500.00	1,800.00	0.20
5	TECHNICAL SERVICES					
5.1	ELECTRICITY SERVICES					
5.1.1	Connections					
	In town : Conventional meters	Actual+25%	Plus 14% vat	Actual +25%+vat	Actual +25%+vat	
	Prepaid meters	Actual+25%	Plus 14% vat	Actual +25%+vat	Actual +25%+vat	
	Rural areas	Actual+25%	Plus 14% vat	Actual +25%+vat	Actual +25%+vat	

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
5.1.2	Re-connection Fees					
	During office hours	120.60	16.88	137.48	170.48	0.24
	After Hours	234.50	32.83	267.33	331.49	0.24
	Defaulters	234.50	32.83	267.33	331.49	0.24
	Meter test fee	418.08	58.53	476.61	591.00	0.24
	Test reading	100.50	14.07	114.57	142.07	0.24
5.1.3	Meter Test Fee					
	In Town					
	Single fase	251.25	35.18	286.43	355.17	0.24
	Three Fase	335.00	46.90	381.90	473.56	0.24
	Rural areas	Actual+25%	Plus 14% vat	Actual +25%+vat	Actual +25%+vat	
5.1.4	ELECTRICITY AVAILABILITY FEE :					
5.1.4.1	VACANT ERF OR PROPERTY					
	ALL AREAS					
	PER MONTH					
	Household, Churches	112.64	15.77	128.41	159.23	0.24
	Business& Government	226.25	31.68	257.93	319.83	0.24
	Industry and bulk commercial users	517.13	72.40	589.53	731.01	0.24
	Properties not included above	226.25	31.68	257.93	319.83	0.24
5.1.4.2	ELECTRICITY AVAILABILITY FEE IMPROVED PROPERTY					
	ALL AREAS					
	PER MONTH					
	Household, Churches with low usage<400kwh	27.09	3.79	30.88	33.97	0.10
	Household, Churches with high usage>400kwh	112.63	15.77	128.40	141.24	0.10
	Business& Government	226.25	31.68	257.93	283.72	0.10
	Industry and bulk commercial users	517.13	72.40	589.53	648.48	0.10
	All erven with landvalue more than R4000.00 not connected and according to Council can be connected	48.11	6.74	54.85	60.33	0.10
	Properties not included above	226.25	31.68	257.93	283.72	0.10

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
5.1.5	UNIT TARIFF CONVENTIONAL METERS					
5.1.5.1	ALL AREAS					
	Household, Churches	0.75	14% vat	0.855000	1.00	0.17
	Business, Industry & Government	0.59	14% vat	0.672600	0.79	0.17
	Departmental	0.57	14% vat	0.649800	0.76	0.17
	Other consumers not listed	0.75	14% vat	0.855000	1.00	0.17
5.1.6	BULK SUPPLY (ELECTRICITY)					
	All low voltage consumers per kwh	0.33000	14% vat	0.376200	0.47	0.25
	All low voltage consumers per kva(bulk supply)	94.38	13.21	107.59	134.49	0.25
	All high voltage consumers per kwh	0.33000	14% vat	0.376200	0.47	0.25
	All high voltage consumers per kva(bulk supply)	93.73	13.12	106.85	133.57	0.25
5.1.7	PRE-PAYMENT TARIFF					
	Household, Churches	0.7600	14% vat	0.866400	1.01	0.17
	Business, Industry,& Government	0.8200	14% vat	0.934800	1.09	0.17
	Fines for tampering with meters	2,680.00	375.20	3,055.20	3574.58	0.17
	Other consumers not listed	0.8200	14% vat	0.934800	0.96	0.03
5.2	<u>TECHNICAL SERVICE : SEWERAGE</u>					
5.2.1	CONNECTION FEES					
	for 110mm where there is a connection point	1,250.00	175.00	1,425.00	1610.25	0.13
	for 110 mm where there is no connection point	1,875.00	262.50	2,137.50	2415.38	0.13
	for connection larger than 110 mm	2,250.00	315.00	2,565.00	2898.45	0.13
5.2.2	SEWERAGE SERVICE FEES					
5.2.2.1	ALL AREAS (per month)					
	House, Churches and Church halls	98.58	13.80	112.38	126.99	0.13

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
	Basic for businesses,industry & government	98.58	13.80	112.38	126.99	0.13
	Business per toilet	28.82	4.03	32.85	37.13	0.13
	All residential erven with market value less than R60,000.00 registered in name of a natural person	36.56	5.12	41.68	47.10	0.13
	All areas basic where property not included above-Baisic Charge	98.58	13.80	112.38	126.99	0.13
	All areas basic where property not included above-per toilet add charge	28.82	4.03	32.85	37.13	0.13
					0.00	
	Night Soil	16.78	2.35	19.13	21.62	0.13
5.3	<u>WATER SUPPLY AND SERVICES</u>					
5.3.1	CONNECTION FEE :					
	15 mm	1,040.66	145.69	1,186.35	1957.48	0.65
	19mm	1,040.66	145.69	1,186.35	1957.48	0.65
	25mm including labour, price increace and tar repairs	1,040.66	145.69	1,186.35	1957.48	0.65
	Larger connections	actial cost+6%	14% vat	actial cost+6%	actial cost+6%	
5.3.2	WATER RE-CONNECTION FEE					
	During office hours	77.91	10.91	88.82	128.79	0.45
	After Hours	155.82	21.81	177.63	257.57	0.45
	Defaulters	155.82	21.81	177.63	257.57	0.45
	Meter test fee	172.25	24.12	196.37	284.73	0.45
	Test reading	66.78	9.35	76.13	110.39	0.45
5.3.3	FINES AND OTHER FEES					
	Fines for tampering with meters	1,725.15	241.52	1,966.67	3540.01	0.80
	Enquiry on prepaid meter	11.13	1.56	12.69	22.84	0.80
5.3.4	WATER UNIT TARIFFS					
	PER UNIT CONSUMPTION					
	Households and churhes : 1-6 kl	0.00	14% vat	0.00	0	
	7-15 kl	2.97	14% vat	3.38	3.55	0.05
	16-20 kl	3.56	14% vat	4.06	4.26	

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
						0.05
	21-40 KL	4.39	14% vat	5.00	5.25	0.05
	above 41 kl	4.96	14% vat	5.66	5.94	0.05
					0.00	
	Business,industry & 1-6 kl	2.97	14% vat	3.38	3.55	0.05
	Government 7-15 kl	2.97	14% vat	3.38	3.55	0.05
	16-20 kl	3.56	14% vat	4.06	4.26	0.05
	21-40 KL	4.39	14% vat	5.00	5.25	0.05
	above 41 kl	4.96	14% vat	5.66	5.94	0.05
	Departmental per kl	2.97	14% vat	3.38	3.55	0.05
	Properties not listed above: tariffs as per business, industry& government					
5.3.5	WATER AVAILABILITY CHARGE(BASIC CHARGE)					
5.3.5.1	VACANT ERF OR PROPERTY(ALL AREAS)					
	PER MONTH					
	Household, churches	45.63	6.39	52.02	54.62	0.05
	Business, Industry & Government	46.75	6.55	53.30	55.96	0.05
	Properties not included above	46.75	6.55	53.30	55.96	0.05
					0.00	
5.3.5.2	IMPROVED STANDS OR PROPERTY				0.00	
	ALL AREAS				0.00	
	PER MONTH				0.00	
	Housholds using 6 kl or less water per month	0.00	0.00	0.00	0.00	
	Household, churches	45.63	6.39	52.02	54.62	0.05
	Business, Industry & Government	46.75	6.55	53.30	55.96	0.05
	All erven with landvalue more than R4000.00 not connected and according to Council				0.00	
	can be connected	45.69	6.40	52.09	54.69	0.05
	Properties not included above	46.75	6.55	53.30	55.96	0.05
6	<u>PUBLIC SAFETY</u>					
6.1	FIRE BRIGADE SERVICE					
6.1.1	Within Municipal area					
	Call out fee	124.00	0.00	124.00	130.00	

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
						0.05
	Equipment/appliances per hour/part thereof					
	Portable equipment	36.00	0.00	36.00	40.00	0.11
	Appliances	52.00	0.00	52.00	60.00	0.15
	Service vehicle	83.00	0.00	83.00	90.00	0.08
	Fire engine	166.00	0.00	166.00	180.00	0.08
	Personnel per hour/part thereof:					
	Chief fire/Traffic Officer	186.00	0.00	186.00	193.00	0.04
	Station Officer/Superintendent	124.00	0.00	124.00	130.00	0.05
	Fireman/Traffic Officer	83.00	0.00	83.00	90.00	0.08
	Other officers	67.00	0.00	67.00	70.00	0.04
	Media used					
	Water per kl.	3.00	14% vat		2.81	
	Fire fighting foam per 25 liters	1,166.00	0.00	1,166.00	1,209.00	0.04
	DCP Fire extinguisher per 9kg	290.00	0.00	290.00	300.00	0.03
	CO2 Fire extinguisher per 7kg	363.00	0.00	363.00	380.00	0.05
	Road marking paint 25 liters	570.00	0.00	570.00	590.00	0.04
6.1.2	Outside Municipal Area					
	Call out fee	249.00	0.00	249.00	260.00	0.04
	Equipment/appliances per hour/part thereof					
	Portable equipment	73.00	0.00	73.00	76.00	0.04
	Appliances	104.00	0.00	104.00	109.00	0.05
	Service vehicle	166.00	0.00	166.00	173.00	0.04
	Fire engine	332.00	0.00	332.00	345.00	0.04
	Personnel per hour/part thereof:					
	Chief fire/Traffic Officer	373.00	0.00	373.00	390.00	0.05
	Station Officer/Superintendent	249.00	0.00	249.00	260.00	0.04
	Fireman/Traffic Officer	166.00	0.00	166.00	173.00	0.04
	Other officers	135.00	0.00	135.00	140.00	0.04
6.2	ADVERTISING SIGNS (ALL AREAS)					
6.2.1	Application fees:					
	Sign types 2 (ground signs), 3(wall signs), 4 (roof signs) and 5 (veranda signs, balcony,					

	TARIFFS 2010-11 (ANNEXURE 7)	*2009-10	*2009-10	*2009-10	*2010-11	
		EXISTING	14% VAT	TOTAL	PROPOSED	
		TARIFFS		INCL. VAT	TARIFFS INC. VAT	% Increase
	canopy and under awning signs)	155.00	0.00	155.00	160.00	0.03
	Sign type 1 (billboards) and all non-locality bound signs in excess of 12 square meters	466.00	0.00	466.00	483.00	0.04
	Sign type 6 (posters, banners and flags)	52.00	0.00	52.00	55.00	0.06
6.2.2	Approval fee:					
	Sign types 1,2,3,4 and 5 per square meter of advertising, display or part thereof with a					
		41.00	0.00	41.00	42.00	0.02
	Sign types 6 (posters, banners and flags):					
	For non-profit bodies only	R5 per sticker	0.00	R5 per sticker	R5 per sticker	
	For religious, sporting, social, cultural, political and other events	R8 per sticker	0.00	R8 per sticker	R8 per sticker	
	For commercial purposes	R16 per sticker	0.00	R16 per sticker	R16 per sticker	

Schedule 4 – Budget Related Policies

Tariff Policy

Date approved : 6 April 2010

Operation date: 1 July 2010

1. Preamble

- 1.1. *The Alert Luthuli Local Municipality, in terms of Section 75(1) of the Local Government Municipal Systems Act, Act 32 of 2000, has to adopt a Tariff Policy which is regarded a budget-related policy in terms of the Local Government Municipal Finance Management Act, Act 56 of 2003.*
- 1.2. *The Tariff Policy annually has to undergo revision and be tabled with the Multi-Year Annual Tabled Budget to the Council of the municipality for consideration and approval for public scrutiny and comments annually before 31 March.*
- 1.3. *Comments received by the municipality on the contents and stipulations of the Policy have to be considered by the Council for possible amendment/inclusion to the draft policy for a final draft to be approved by the Council annually before 31 May.*
- 1.4. *The adopted Tariff Policy applies to the Multi-Year Annual Budget of a related year during which the income is based on the principles contained in the Tariff Policy.*
- 1.5. *Should any of the principles contained in the Tariff Policy by resolution of the Council be changed, an Adjustment Budget has to be prepared to reflect the consequent effect.*

2. Definitions

In this tariff policy, unless inconsistency with the context, a word or expressions to which a meaning in the Act has been attached means:-

*“**agricultural consumers**” include but are not limit to farms, smallholdings and agricultural show grounds;*

*“**break even**” occurs where the volume sales are equal to the fix and variable cost associated with the provision of the service;*

*“**business and commercial consumers**” include but are not limit to business undertakings, shops, offices, liquor stores, supermarkets, public garages, gathering places, nurseries, places of entertainment, service stations, hairdressings salons, banks, hotels, guesthouses, boarding houses and doctor-and dentist consulting rooms;*

*“**councillor for financial matters**” the councillor of the municipal council responsible for financial matters;*

*“**domestic consumers**” include but are not limit to residence, group housing, town houses, semi-detached houses, and flats;*

“indigent households” are households that are registered under the municipality’s Indigent Policy;

“industrial consumers” include but are not limit to industrial undertakings, factories, warehouses, workshop, scrap yards, stores, wine cellars, abattoir, dairy processing plants and fish markets;

“in season” refers to the period from the 1st December of a year up to 31 January of the following year and from the Monday before the Easter weekend up to and including Easter Monday;

“lifeline tariffs” a unit charge calculated by dividing the total cost associated with the service by the volume consumed (units);

“resident” a person who is ordinary resident in the municipal area;

“special agreements” are special tariff agreements entered into with consumers making significant economic contribution to the community and create job opportunities;

“sport and recreation facilities” include but are not limit to properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption and caravan parks;

“the Act: the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

3. Legal Requirements

3.1. In developing its Tariff Policy, the Municipality has noted the applicability of the following legislation –

- 3.1.1. Constitution of the Republic of South Africa, 1996
- 3.1.2. Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- 3.1.3. Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007)
- 3.1.4. Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- 3.1.5. Water Services Act, 1997 (Act No. 108 of 1997)
- 3.1.6. Electricity Regulation Act, 2006 (Act No. 4 of 2006)
- 3.1.7. Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
- 3.1.8. Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)

3.2. This policy complies with sections 74 of the Municipal Systems Act in so far as it –

- 3.2.1. establishes a tariff policy on the levying of fees for municipal services provided by the municipality;
- 3.2.2. reflects the required principles; and
- 3.2.3. differentiates between different categories of users, debtors, service providers. services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

3.3. Section 75 of the Municipal Systems Act requires the council to adopt by-laws to give effect to the implementation and enforcement of this tariff policy.

4. Tariff Principles

4.1. The Tariff Policy of the Municipality is in accordance with the principles as set out in section 74 (2) of the Municipal Systems Act as follows –

- 4.1.1. users of municipal services should be treated equitably in the application of tariffs;
 - 4.1.2. the amount individual users pay for services should generally be in proportion to their use of that service;
 - 4.1.3. poor households must have access to at least basic services through –
 - 4.1.3.1. tariffs that cover only operating and maintenance costs,
 - 4.1.3.2. special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
 - 4.1.3.3. any other direct or indirect method of subsidization of tariffs for poor households;
 - 4.1.4. tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
 - 4.1.5. tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned;
 - 4.1.6. provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
 - 4.1.7. provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
 - 4.1.8. the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
 - 4.1.9. the extent of subsidization of tariffs for poor households and other categories of users should be fully disclosed.
- 4.2. In addition, the Municipality recognizes the principles set out in the 1998 White Paper on Local Government on user charges as follows –
- 4.2.1. Payment in proportion to the amount consumed – as far as it is practically possible, consumers should pay in proportion to the amount of services consumed.
 - 4.2.2. Full payment of service costs – all households, with the exception of the indigent, should pay the full cost of services consumed.
 - 4.2.3. Ability to pay – municipalities should develop a system of targeted subsidies to ensure that poor households have at least a minimum level of basic services.
 - 4.2.4. Fairness – tariff policies should be fair in that all people should be treated equitably.
 - 4.2.5. Transparency - the tariff policy should be transparent to all consumers and any subsidies and concessions must be visible and understood by all consumers.
 - 4.2.6. Local determination of tariff levels - municipalities have the flexibility to develop their own tariffs in accordance with the principles contained.
 - 4.2.7. *Consistent tariff enforcement – a consistent policy for dealing with non-payment of tariffs needs to be developed. This must be targeted and enforced with sensitivity to local conditions.*
 - 4.2.8. *Ensure local economies are competitive - local tariffs must not unduly burden local business through higher tariffs, as these costs affect the sustainability and competitiveness of such businesses and firms.*
- 4.3. The tariffs asset out in this policy shall, as far as is practical, encourage and promote the objects and programmes contained in the municipality’s Integrated Development Plan.

5. **Objectives of this Policy**

- 5.1. *The Municipality wishes to achieve the following objectives by adopting this tariff policy –*
 - 5.1.1. *to comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);*
 - 5.1.2. *to prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Act; and*

5.1.3. *to give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.*

5.2. In addition, the Municipality seeks to ensure that –

- 5.2.1. the tariffs of the Municipality conform to acceptable policy principles;
- 5.2.2. municipal services are financially sustainable;
- 5.2.3. there is certainty in the Council of how the tariffs will be determined;
- 5.2.4. tariffs of the Municipality comply with the applicable legislation; and
- 5.2.5. tariffs should take into consideration relief to the indigent.

5.3. *Tariffs will be set at a level that facilitates the sustainability of services, which will be achieved by ensuring that –*

- 5.3.1. *cash inflows cover cash outflows and that sufficient provision for working capital and bad debts will be made; and*
- 5.3.2. *access to the capital market is maintained, to be achieved through the provision for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.*

5.4. *Where practical, efficient and effective use of resources will be encouraged by providing for penalties to discourage unnecessary or exorbitant usage.*

6. Tariff Strategy

6.1 Minimum basic services must be free

This will be set out in the Free Basic Services Policy of the Municipality, and in order to ensure affordable services, the Council will introduce a stepped tariff structure in which consumers that use more of a service, will pay progressively more for higher consumption than those who consume less of a service.

6.2 Keeping tariffs affordable

In order to ensure that tariffs remain affordable, the Council will strive to ensure that –

- Services are delivered at an appropriate level;
- Efficiency improvements are actively pursued across the Municipality's operations;
- A performance management system is introduced to ensure that plans that are devised are actually implemented on its own resources are obtained as economically as possible and that appropriate service delivery mechanisms are used;
- An investigation is conducted with the objective of phasing out as soon as is practically possible the non-core functions that the municipality currently performs without depriving the community of any services that really contribute to the quality of life of people in its area;
- Any service that is provided for which there is little demand, is priced under the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where the Council is by law required to provide such a service; and
- The equitable share of revenue raised nationally will be used to maintain an adequate level of basic services for indigents.

6.3 Achieve price parity for services and property rates (uniform tariffs)

The Council will strive to achieve price parity within the Municipality within five financial years starting with the 2003/4 financial year.

6.4 Fully exploiting the potential income base

In order to ensure that tariffs remain current, and to ensure that all revenue is maximized, the Council will –

- Review tariffs for services at least once during every financial year.
- Ensure that tariff increases are in line with increases in the price of *personnel costs*, goods, material and other resources acquired and used by the Municipality to perform its functions; and
- Ensure that the tariff for a particular service will be calculated in such a way that all relevant costs are covered. This means that a tariff for a service must include at least the capital expenditure required and interest thereon, the cost of managing and operating the service and the cost of maintaining, repairing and replacing the physical assets used in its provision.

6.5 The “Consumer must pay Principle”

The Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption of services, the Council intends to install metering systems and to take into account the free service element.

In this regard the Council will develop a programme to install meters in appropriate cases.

In the striving for better service delivery to the consumers, a user friendly format of accounts will be developed and implemented.

6.6 Redistribution / Cross-subsidisation

Some members of the community are better able to afford to pay for the services that they use and benefit from, than others. The budget of the Municipality is an important device in ensuring redistribution within the community. Those that pay higher property rates based on the value of their properties, in fact subsidise those who pay less tax.

Also, the Council uses the trading surplus it realizes on the trading account to bring relief with regard to property tax rates.

Likewise, the Council will ensure that the cross-subsidisation occurs between and within services to further contribute to its redistribution objectives.

6.7 Ensuring financial sustainability of service delivery

Financial sustainability of an enterprise will be achieved when it is financed in a manner that insures that its financing is sufficient.

The tariff for a service must, therefore, be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

The Council will adopt and apply a Credit Control and Debt Collecting policy to ensure that service charges are recovered.

Where a trading (water & electricity) and economic service (sanitation & sewerage) is available to a property, an availability levy or charge will be imposed if the occupier of the property does not use the

service concerned or if the property is vacant. The availability levy, if possible, will be adequate to cover the pro rata cost of the initial capital expenditure and interest thereon and the maintenance of the infrastructure associated with service delivery.

7. Tariff determination process

- 7.1. Except in special circumstances, such as significant increases in the wholesale price of goods and services that the Council purchases during a year to provide services, the Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above. Proposed tariffs will be presented to the community during the Council's consultation about the budget.
- 7.2. After the Council has adopted its rates, tariffs, fees, charges and surcharges the Municipal Manager shall, without delay –
 - 7.2.1. conspicuously display a copy of the resolution adopting such fees, charges or tariffs for a period of at least 21 days at the main administrative office of the municipality and at such other places within the municipality to which the public has access as the Municipal Manager may determine;
 - 7.2.2. publish in a newspaper of general circulation in the municipality a notice stating –
 - 7.2.2.1. that a resolution as contemplated above has been passed by the Council;
 - 7.2.2.2. that a copy of the resolution is available for public inspection during office hours at the main administrative office of the municipality and at the other places specified in the notice;
 - 7.2.2.3. the date on which the determination will come into operation;
 - 7.2.2.4. that any person who desires to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed; and
 - 7.2.2.5. that any person who cannot write may come during office hours to a place where a staff member of the municipality named in the notice, will assist that person to transcribe his/her objection.
 - 7.2.3. seek to convey the information referred to in paragraph 3.8.2 to the local community by means of radio broadcasts covering the area of the municipality.
 - 7.2.4. The Municipal Manager must forthwith send a copy of the notice referred to in subparagraph 7.2.2 to the MEC for Housing and Local Government and other institutions regulated by another law or directive applicable from time to time.
- 7.3. If no objection is lodged within the period stated in the notice, the determination or amendment will come into operation on the date determined by the Council.
- 7.4. Where an objection is lodged, the Municipality will consider every objection.
- 7.5. The Council may, after it has consider all objections, confirm, amend, or withdraw the determination or amendment and may determine another, on the date on which the determination or amendment will come into operation.
- 7.6. After the Council has considered the objections it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.

7.7. *The municipal must adopt by-laws to give effect to the implementation and enforcement of this tariff policy.*

8. Categories of Customers

8.1. *Separate tariffs structure may be raised for the following categories of customers –*

- 8.1.1. *domestic;*
- 8.1.2. *indigent households;*
- 8.1.3. *business and commercial;*
- 8.1.4. *industrial;*
- 8.1.5. *agricultural*
- 8.1.6. *rural;*
- 8.1.7. *public benefit organisation;*
- 8.1.8. *institutional;*
- 8.1.9. *commercial and industrial with special agreements;*
- 8.1.10. *government; and*
- 8.1.11. *the municipality.*

8.2. *The Municipality, in line with section 75 of the Act, determine that differentiated tariffs for the different consumers in certain geographical areas are necessary where there is a substantial difference between the infrastructure used in each geographical are to provide the service. These geographical areas are –*

8.2.1. *<unknown>.*

8.3. *The differentiation contemplated in paragraph 8.2 above will be based on one or more of the following elements –*

- 8.3.1. *infrastructure costs;*
- 8.3.2. *volume usage;*
- 8.3.3. *availability; or*
- 8.3.4. *service standards.*

9. Service Classification

9.1. *In the following classification, trading and economic services must be financially ring-fenced and financed from service charges while community and subsidized services will be financed from rates and related income.*

9.2. *In order to isolate the costs associated with a service, the Municipal Manager, Chief Financial Officer and Executive Mayoral Committee of the Council, shall, subject to the guidelines provided by the National Treasury, provide for the classification of services into the categories as set out in paragraphs 9.3 to 9.6 below.*

9.3. Trading services

Water and electricity provisions are trading services. Typically the consumption of a trading service is measurable and can be apportioned to an individual consumer. These services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus is

realized. The trading surplus is used to subsidise the tariffs of non-trading services, in other words to relieve property rates.

9.3.1. *Water*

9.3.2. *Electricity*

9.4. *Economic services*

Sewage and domestic household removal are economic services. The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. Whilst they are also managed like businesses, the tariffs for these services are normally determined in such a way that user charges cover the cost of providing the service.

9.4.1. *Refuse removal*

9.4.2. *Sewerage*

9.4.3. *Markets*

9.4.4. *Abattoir fees*

9.4.5. *Holiday resorts*

9.4.6. *Recreation resorts*

9.4.7. *Caravan and Camping facilities*

9.5. *Community services*

Community services are those services the consumption of which cannot be determined nor apportioned to individual consumers. These services are typically financed through finance rates. Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, the establishment, management and maintenance of cemeteries and traffic regulation.

9.5.1. *Abattoirs*

9.5.2. *Cleansing*

9.5.3. *Control of public nuisances*

9.5.4. *Environmental and waste management*

9.5.5. *Facilities for accommodation, care and burial of animals*

9.5.6. *Fencing and fences*

9.5.7. *Interest rates charged*

9.5.8. *Local amenities*

9.5.9. *Markets*

9.5.10. *Municipal parks and recreation*

9.5.11. *Municipal roads*

9.5.12. *Museums*

9.5.13. *Nature reserves*

9.5.14. *Noise pollution*

9.5.15. *Public places*

9.5.16. *Road signs*

9.5.17. *Sports grounds*

9.5.18. *Street lighting*

9.5.19. *Storm-water management*

9.5.20. *Trade licenses*

9.5.21. *Traffic control*

- 9.5.22. *Municipal public works (only in respect of the needs of the municipality in the discharge of its responsibilities and to administer functions specially assigned to it under the Constitution or any other law)*

9.6. Subsidised services

Subsidised services include fire fighting, approving building plans and the construction of buildings, leasing of municipal facilities, selling of burial sites and certain town planning functions. Subsidised services are those services the consumption of which can be determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs for using this service were based on its real cost, nobody would be able to afford it. In most cases not only would the consumer benefit from using the service, but also other persons. A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service

- 9.6.1. *Angling permits*
- 9.6.2. *Billboards*
- 9.6.3. *Burials and cemeteries*
- 9.6.4. *Control of undertakings that sell liquor to the public*
- 9.6.5. *Distribution of hand-bills*
- 9.6.6. *Dog licensing*
- 9.6.7. *Fire fighting services*
- 9.6.8. *Health and ambulance services*
- 9.6.9. *Holiday resorts*
- 9.6.10. *Interest rates charged*
- 9.6.11. *Letting of Municipal facilities*
- 9.6.12. *Leasing of Municipal properties*
- 9.6.13. *Libraries*
- 9.6.14. *Licensing and control of undertakings that sell food to the public*
- 9.6.15. *Licensing of motor vehicles and transport permits*
- 9.6.16. *Local tourism promotion*
- 9.6.17. *Parking*
- 9.6.18. *Photocopies*
- 9.6.19. *Pound fees*
- 9.6.20. *Recreation resorts*
- 9.6.21. *Reference and information fees*
- 9.6.22. *Rezoning*
- 9.6.23. *Tender deposits*
- 9.6.24. *Town planning*
- 9.6.25. *Training Courses*

- 9.7. *The Municipality also provides services in support of the above-mentioned services. These are called staff functions and include committee services, records and archives, financial management accounting and stores, occupational health and human resources management. These services are financed through property rates.*

10. Expenditure Classification

- 10.1. *Expenditure will be classified into the categories as set out in paragraphs 10.2 and 10.3 below.*

10.2. Subjective classification:

- 10.2.1. Salaries, wages and allowances
- 10.2.2. Bulk purchases
- 10.2.3. General expenditure
- 10.2.4. Repairs and maintenance
- 10.2.5. Capital charges (interest and redemption) / depreciation
- 10.2.6. Contribution to fixed assets
- 10.2.7. Contribution to funds –
 - 10.2.7.1. Bad debts;
 - 10.2.7.2. Working capital; and
 - 10.2.7.3. Statutory funds.
- 10.2.8. Contribution to reserves;
- 10.2.9. Gross expenditure;
- 10.2.10. Less charge-out;
- 10.2.11. Net expenditure;
- 10.2.12. Income; and
- 10.2.13. Surplus/Deficit.

10.3. Objective classification:

- 10.3.1. Licensing of motor vehicles and transport permits
- 10.3.2. Cost centres will be created to which the costs associated with providing the service can be allocated –
 - 10.3.2.1. Department
 - 10.3.2.2. Section/service
 - 10.3.2.3. Division/service
- 10.3.3. The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

11. Cost Elements

The following cost elements to be used to calculate the tariffs for the different services –

- 11.1. **Fixed costs** which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
- 11.2. **Variable costs** which include all other variable costs that have reference to the service.
- 11.3. **Total cost** consisting of the fixed cost and variable cost.

12. Tariff Types

In determining the type of tariff applicable to the type of service the municipality shall make use of the following eight options or a combination of the same.

- 12.1. **Single tariff:** this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

- 12.2. **Cost related two to four part tariff:** this tariff shall consist of two to four parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together. Management-, capital- and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three and four part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand periods.
- 12.3. **Inclining block tariff:** this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to subsidised free basic services and prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.
- 12.4. **Declining block tariff:** this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fix and variable cost and profit determined by council from time to time by the volume consumed. This tariff will only be used for special agreements.
- 12.5. **Regulating tariff:** this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.
- 12.6. **Sliding scale:** This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to prohibit the exorbitant use of a commodity. The first step of this tariff will be free of charge to provide access to the basic services to Indigent Households. The second step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.
- 12.7. **Availability charges:** Payable in respect of erven not connected to Council's infrastructure. Once Council provided a connection, normal tariffs as per respective service are payable.
- 12.8. **Recoverable work:** These tariffs shall apply to consumers who are making use, on application, of certain recoverable services. The tariff will be calculated at actual cost plus a surcharge as determined with the actual tariffs.

13. **Deposits**

- 13.1. Deposits are required where levies are made in arrears.
- 13.2. Deposits are payable with application for relevant service –
- 13.2.1. Electricity: Two times the average monthly consumption of the past 2 months with a minimum of R 1000;
 - 13.2.2. Water: Two times the average monthly consumption of the past 2 months with a minimum of R 500;
 - 13.2.3. Rental: Equal to the monthly rental; and
 - 13.2.4. Other services: <unknown>

13.3. Deposit to be doubled in case of non-payment of account.

13.4. Indigent households are not required to pay a deposit.

13.5. A bank guarantee can be accepted in cases where a deposit of R2 500 or more is required

13.6. No deposit required for pre-paid meters.

14. Unit of Measurements

The following cost elements to be used to calculate the tariffs for the different services –

14.1. Electricity

14.1.1. Unit of measurement –

14.1.1.1. Maximum demand (kVa) plus fixed tariff plus kWh consumed;

14.1.1.2. Fixed tariff plus kWh consumed; or

14.1.1.3. Unit tariff (KWh consumed) (for pre-payment meters).

14.1.2. Method of calculation –

14.1.2.1. The guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.

14.1.2.2. To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users. Cross subsidisation between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used

Tariff types		Fixed charge Rands / customer / Month	Active Energy charge cents / kWh	Seasonal Time-of-use Energy charge Peak Standard Off-peak	Capacity charge Rands / kVA / month	Reactive energy charge cents / kWh
One part			X			
One part block	Block 1		X			
	Block 2		X			
Two part		X	X			

Three part		X	X		X	
Three part time-of-use high season	Peak	X		X		X
	Standard	X		X		X
	Off-peak	X		X		X
Three part time-of-use low season	Peak	X		X		X
	Standard	X		X		X
	Off-peak	X		X		X
Four part time-of-use high season	Peak	X		X	X	X
	Standard	X		X	X	X
	Off-peak	X		X	X	X
Four part time-of-use low season	Peak	X		X	X	X
	Standard	X		X	X	X
	Off-peak	X		X	X	X

14.1.2.3. For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:

- The rands / kVa / month cost must be allocated into a cents / kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.
- The rands / customer / month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.

14.1.2.4. The two-part tariff:

- The rands / kVa / month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.
- The rands / customer / month charge is not reallocated into other tariff elements.
- The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.

14.1.2.5. The two-part time-of-use tariff:

- The rands / kVa / month charge must be reallocated into different time-of-use cents / kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.
- The rands / customer / month charge is not reallocated.

14.1.2.6. The three-part tariff:

- The rands / kVa charge recovers the capital cost elements. Some of this cost must be reallocated into different tariff elements.

- The cents / kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands / kVa costs.
 - The rands / customer / month charge is not reallocated.
- 14.1.2.7. The three-part time-of-use tariff:
- As with the standard three-part tariff, a portion of the rands / kVa / month charge needs to be reallocated into the various time-of-use cents / kWh charges. Again, the amount of the reallocation should be with regard to the customer's load factor. However, it is also necessary to consider the time-variation of the capacity costs in the reallocation of the rands / kVa charge into the various time-of-use cents / kWh charges.
 - The cents / kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands / kVa charges.
 - The rands / customer / month charge is not reallocated.
- 14.1.3. Where council decides to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- 14.1.4. Where a property is not connected to the electricity reticulation system but can reasonably be so connected, an availability tariff will be payable. The tariff will be calculated by adding a surcharge of 50% to the fixed costs applicable to connected consumers per category.
- 14.1.5. Electricity meters will be read and levied on a monthly basis unless the service is rendered through a pre-payment device and is recoverable for the past 2 years with issuing of clearance certificates.
- 14.1.6. The following charges can be levied in addition to the standard monthly charges –

Connections, Reconnections and changes to meters

<i>Amperage change</i>	<i>To change from higher to lower scale</i>	<i>Fixed cost per change of scale</i>
<i>Electricity connections</i>	<i>Single phase connection: Conventional meter: 1 x 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Conventional meter: Above 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Conventional meter: Additional meter</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Pre-paid meter: 1 x 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Pre-paid meter: Above 20 Amp</i>	<i>Fixed cost per connection</i>
	<i>Single phase connection: Pre-paid meter: Additional meter</i>	<i>Fixed cost per connection</i>

	<i>Three phase connection</i>	<i>Estimated cost</i>
<i>Reconnection of electricity supply</i>	<i>After temporary disconnection</i>	<i>Fixed cost per reconnection</i>
	<i>Because of non-payment</i>	<i>Fixed cost per reconnection</i>
<i>Tampering with electricity meter (conventional)</i>	<i>Reconnection but supply only to be restored after:</i>	<i>Fixed cost per tampering</i>
	<i>Payment of R889.02 + R88.02</i>	<i>Fixed cost per supply</i>
	<i>Payment of illegally energy consumed</i>	<i>Fixed cost per supply</i>
	<i>Presenting a new-certificate of compliance</i>	<i>Fixed cost per supply</i>
<i>Meter changes</i>	<i>from conventional to pre-paid meter – single phase: voluntary change – single phase</i>	<i>Free</i>
	<i>from conventional to pre-paid meter – single phase: non-payers</i>	<i>Free</i>
	<i>from conventional to pre-paid meter – three phase</i>	<i>Estimated cost</i>
	<i>from pre-paid to conventional meter – single phase</i>	<i>Fixed cost per change</i>
<i>Non-payment of accounts</i>	<i>To serve a reminder by hand/mail i.r.o. a non-payment of account</i>	<i>Fixed cost to serve a reminder</i>
<i>Surcharge i.r.o. late payment of account</i>	<i>First late payment</i>	<i>An amount calculated at a rate of 10% of such an account subject to a maximum of R5 000.00</i>
	<i>Any further late payment within 12 months of the original late payment</i>	<i>An amount calculated at a rate of 10% of such an amount</i>

Miscellaneous services

<i>Meter Testing</i>	<i>Testing of electricity</i>	<i>Fixed cost per testing</i>
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	<i>conventional meter</i>	
	<i>Testing of electricity pre-paid meter</i>	<i>Fixed cost per testing</i>
<i>Call out</i>	<i>pre-paid consumers</i>	<i>Fixed cost per call-out</i>
<i>Special meter readings</i>	<i>At consumer's request</i>	<i>Fixed cost per meter reading</i>
	<i>If the consumers contests the meter reading</i>	<i>Fixed cost per meter reading</i>
<i>Investigation i.r.o. power failure</i>	<i>At consumer's request (call out due to consumer's default)</i>	<i>Fixed cost per investigation</i>
<i>Change of current limiter</i>	<i>From higher to lower scale</i>	<i>Fixed cost per change</i>
<i>Testing of installation</i>	<i>Urban</i>	<i>Fixed cost per testing</i>
	<i>Re-inspection test: urban</i>	<i>Fixed cost per re-inspection</i>
	<i>Rural</i>	<i>Fixed cost per testing plus transport</i>
	<i>Re-inspection test: rural</i>	<i>Fixed cost per re-inspection plus transport</i>
<i>Renting out equipment</i>	<i>Generator (per occasion)</i>	<i>Fixed cost per generator</i>
	<i>Transformer (100 KVA)</i>	<i>Fixed cost per transformer</i>

Municipal services

<i>Streetlights</i>	<i>Roads</i>	<i>Fixed cost per light</i>
	<i>Telephone booths & signs</i>	<i>Fixed cost per light</i>
<i>Municipal Electricity Tariffs</i>	<i>Streetlights</i>	<i>Fixed cost cent per unit (kWh)</i>
	<i>Demand Charges HT</i>	<i>Fixed cost cent per unit (kWh)</i>
	<i>Demand Charges LT</i>	<i>Fixed cost cent per unit (kWh)</i>

14.2. Water

14.2.1. Unit of measurement –

14.2.1.1. Kiloliters used; and/or

14.2.1.2. Size of connection.

14.2.2. Method of calculation –

- 14.2.2.1. *A basic charge based on the size of the water connection will be payable by all consumers. Provision will be made for the following meter connections –*
- 15 mm
 - 20 mm
 - 25 mm
 - 40 mm
 - 50 mm
 - 75 mm and
 - >75 mm
- 14.2.2.2. *Stepped tariffs in respect of Domestic Consumers will be calculated for the follow usages –*
- 0 - 6 kl
 - 7 - 10 kl
 - 11 - 30 kl
 - 31 - 55 kl
 - 56 - 80 kl
 - > 80 kl
- 14.2.2.3. *Consumption less than 6 kl of water per month will be supplied free of charge.*
- 14.2.2.4. *Consumption between 7 – 10 kl of water per month will be supplied break even costs.*
- 14.2.2.5. *The following surcharges will apply to all other categories –*
- 11 - 30 kl = 20%
 - 31 – 55 kl = 30%
 - 55 – 80 kl = 35%
 - > 80 kl = 40%
- 14.2.2.6. *Kiloliters used; and*
- 14.2.2.7. *Consumers that can but are not connected to the water service will pay an availability tariff. The tariff will be calculated by dividing the fixed and maintenance cost of the service by the number of properties and average size of the properties in the following categories –*
- 1 m² - 2 000m²
 - 2 001m² - 5 000m²
 - 5 001m² - 10 000m²
 - > 10 000m²
- 14.2.2.8. *Kiloliters used; and*
- 14.2.2.9. *Break even will be calculated by dividing the total cost by the total volume consumed.*
- 14.2.3. *Water meters will be read and levied on a monthly basis and is recoverable for the past 2 years with issuing of clearance certificates.*
- 14.2.4. *When consumption is not measured a flat rate will be applicable.*
- 14.2.5. *In the time of scarcity of water, Council may declare water restrictions and may charge higher tariffs with a sliding scale as determined by Council.*
- 14.2.6. *The following charges can be levied in addition to the standard monthly charges –*
- Charges for connections to the main supply;
 - Charges for connection of water supply;
 - Charges for reconnections;
 - Testing of meters;
 - Special readings;
 - Filling of swimming pools; and
 - Any other services.

14.3. Refuse Removal

14.3.1. Unit of measurement –

- 14.3.1.1. *A fixed rate per month for the removal of refuse once per week;*

- 14.3.1.2. A fixed rate per month for the removal of refuse three times per week;
- 14.3.1.3. A fixed rate per month for the removal of refuse five times per week;
- 14.3.2. Method of calculation –
 - 14.3.2.1. The mass refuse disposed by the various category consumers will be used to apportion the total cost of the service between the various categories consumers.
 - 14.3.2.2. The costs per unit of measurement will be determined by the total costs of the service by the total mass of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the management of the refuse site.
 - 14.3.2.3. The cost associated with the removal of bulk containers will be determined by calculating the actual disposal and removal cost (labour, material and transport) (iv) The minimum cost for a container service will be equal to one removal per week. (v) Opportunity costs for once-off removals will be the actual costs as described in section (3)(b)(iii) plus 20% surcharge.
- 14.3.3. The monthly levy is payable by the registered owner and is recoverable with issuing of clearance certificates.

14.4. Sanitation / Sewerage

- 14.4.1. Unit of measurement –
 - 14.4.1.1. Size of the erf; and/or
 - 14.4.1.2. Number of cisterns or urinals; and/or
 - 14.4.1.3. Formula driven waterborne tariff.
- 14.4.2. Method of calculation –
 - 14.4.2.1. All owners of undeveloped stands will pay an availability charge based on the average size of an erf (currently calculated between 1 501m² - 3 000m²) and fixed cost associated with the service.
 - 14.4.2.2. All owners of developed stands will pay a basic charge based on the cost associated with the service and the weighted average of the number of consumers and average size of the stands in a range of stand sizes, as follows –
 - 1m² - 1 500m²
 - 1 501m² - 3 000m²
 - 3 001m² - 10 000m²
 - 10 001m² - 25 000m²
 - 25 001m² - 100 000m²
 - 100 000m² - 300 000m²
 - > 300 000m²
 - 14.4.2.3. Waterborne tariffs will be based on the variable cost of the service per category user and the number of cisterns or urinals.
 - 14.4.2.4. The cost of emptying conservancy tanks will be based on the volume disposed and the cost associated therewith. An average tariff per user will be calculated.
 - 14.4.2.5. The cost associated with bucket removals will be based on the volume removed. An average tariff per bucket will be calculated.
 - 14.4.2.6. Any person or business that allows sewerage other than domestic sewerage into the foal sewer system shall pay over and above a fixed tariff based on the size of the erf a waterborne tariff based on the following formula –
 - $C = Vt / 100 (R + T (CODt/1000))$
 - C = Rands
 - Vt = Kiloliters of effluent (excluding domestic volume)
 - R = Cost of conveying of 1 Kiloliter effluent
 - T = Cost or treating of 1kg COD
 - CODt = Average chemical oxygen demand per mg per litre of effluent.
 - 14.4.2.7. A fixed minimum tariff will be calculated for the following services –

- *Buckets (removal)*
- *Septic tanks (removal)*
- *Cost of incineration (mass).*

14.4.3. *The levy is payable by the registered owner and recoverable with issuing of clearance certificate.*

14.4.4. *The following charges can be levied by Council in addition to the standard monthly charges –*

- *Sealing of openings and re-opening of sealed connections;*
- *Opening of blockages and alterations to gullies;*
- *Connections to the sewerage system;*
- *Vacuum tank services;*
- *The removal of dead animals;*
- *The removal of specific type of refuses i.e. medical waste, building refuse, garden refuse, redundant vehicles, collection and destruction of foodstuff, unlawful dumped refuse;*
- *Cleaning premises of long grass, weeds, shrubs and accumulation of refuse;*
- *Dumping of refuse on a municipal dumping site;*
- *Sale of plastic bags and refuse bins if available;*
- *Rental of mass containers; and*
- *Any other related services.*

14.5. Other Municipal Services

14.5.1. *The following charges can be levied by Council in relation to services provide –*

- *Abattoirs;*
- *Aerial photos;*
- *Air pollution control;*
- *Angling permits;*
- *Billboards*
- *Building plans;*
- *Burials and cemeteries;*
- *Caravan and Camping facilities*
- *Cleansing;*
- *Control of public nuisances;*
- *Control of undertakings that sell liquor to the public*
- *Distribution of hand-bills;*
- *Dog licensing;*
- *Environmental and waste management;*
- *Facilities for accommodation, care and burial of animals;*
- *Fencing and fences;*
- *Fire fighting services;*
- *Health and ambulance services;*
- *Holiday resorts;*
- *Interest rates charged;*
- *Letting of Municipal facilities;*
- *Leasing of Municipal properties;*
- *Libraries;*
- *Licensing and control of undertakings that sell food to the public;*
- *Licensing of motor vehicles and transport permits;*
- *Local amenities;*
- *Local tourism promotion;*
- *Markets;*
- *Municipal parks and recreation;*
- *Municipal roads;*
- *Museums*

- *Nature reserves;*
- *Noise pollution ;*
- *Parking;*
- *Photocopies;*
- *Pound fees;*
- *Public places;*
- *Recreation resorts;*
- *Reference and information fees;*
- *Rezoning;*
- *Road signs;*
- *Sports grounds;*
- *Street lighting;*
- *Storm-water management;*
- *Tender deposits;*
- *Town planning;*
- *Trade License;*
- *Traffic Control;*
- *Training Courses; and*
- *Miscellaneous Tariffs.*

Rates Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

1. Preamble

- 1.1. The municipality derives its power to levy rates from Section 229(1) of the Constitution of the Republic of South Africa.
- 1.2. The obligation on a Council of a municipality to adopt and implement a rates policy on the levying of rates on rateable property is derived from the following legislation:
 - 1.2.1. Section 3(1) of the Municipal Property Rates Act, Act 6 of 2004 (MPRA).
 - 1.2.2. Section 62(1) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA).
- 1.3. The policy of the Albert Luthuli Municipality for levying rates on rateable property is set out in this document. The Council adheres to all requirements of the Municipal Property Rates Act (MPRA) and Municipal Finance Management Act (MFMA) including any regulations promulgated in terms of these Acts.
- 1.4. The Rates Policy only rules the rating of valued property which are valued according to the Municipal Property Rates Act, Act 6 of 2004 and its regulations as published under Government Notice 1856 of 2005 in Government Gazette 28113 dated 13 October 2005 and does not rule or guide the processes of property valuation and approval of the valuation roll.
- 1.5. As part of each annual operating budget the Council is obliged to impose a rate in the rand on the market value of all rateable properties as recorded in the municipality's valuation roll or supplementary valuation roll(s). Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all land within the Albert Luthuli Municipal area of jurisdiction is rateable unless it is specifically exempted as set out in Section 15 of the MPRA and includes:
 - 1.5.1. Cemeteries
 - 1.5.2. sport grounds for exercising amateur sport
 - 1.5.3. properties owned by welfare organizations
- 1.6. The Rates Policy sets out the broad policy framework within which the municipality rates its area as per Section 3 of the MPRA, and gets annually reviewed and, when necessary, amends the municipality's rates for assessment as per Section 5 of the MPRA.

2. Definitions

- 2.1. In this policy, unless the context indicates otherwise, in addition to the definitions contained in both the MPRA and the MFMA, the following meanings are assumed:

- 2.1.1. **“agricultural purposes”** in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.
- 2.1.2. **“business”** means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of mining, agriculture, farming, or inter alia, any other business consisting of cultivation or soil, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.
- 2.1.3. **“government”** means owned and exclusively used by an organ of the state, excluding non-urban properties used for residential or agricultural purposes or not in use.
- 2.1.4. **“illegal use”** means any use that is inconsistent with or in contravention of the permitted use of the property.
- 2.1.5. **“improvement”** means any building or structure on or under a property, including:
- 2.1.5.1. a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
 - 2.1.5.2. buildings, structures and equipment or machinery referred to in Section 46(3) of the MPRA.
- 2.1.6. **“indigent”** means debtors who are poor private residential households as defined by the municipality’s policy on Free Basic Services and Indigent Support.
- 2.1.7. **“industrial”** means branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved. This includes factories as defined in the Machinery and Building Work Act, Act 22 of 1941, as amended and includes any office or other accommodation on the same erf, the use of which is incidental to the use of such factory.
- 2.1.8. **“mining”** means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto.
- 2.1.9. **“municipal”** means owned and exclusively used by the municipality.
- 2.1.10. **“multiple use”** means a property that cannot be assigned to a single category due to the different uses of the property.
- 2.1.11. **“new private infrastructure developments”** means single properties divided (through subdivision or township establishment) into 10 or more full title units and all services, inclusive of water, sewerage, electricity and roads are installed by the developer at his own cost.
- 2.1.12. **“non-urban land”** means land which is not situated in an approved township and used for residential or agricultural purposes or not in use.
- 2.1.13. **“public benefits organisation”** means an organisation conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax Act for tax reductions because of those activities.
- 2.1.14. **“protected area”** means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003.
- 2.1.15. **“public service infrastructure”** means publicly controlled infrastructure of the following kinds:
- 2.1.15.1. national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
 - 2.1.15.2. water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

- 2.1.15.3. power stations, power substations or power lines forming part of an electricity scheme serving the public;
- 2.1.15.4. gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- 2.1.15.5. railway lines forming part of a national railway system;
- 2.1.15.6. communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- 2.1.15.7. runways or aprons at national or provincial airports;
- 2.1.15.8. any other publicly controlled as may be prescribed; or
- 2.1.15.9. right of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (h).
- 2.1.16. **“public worship”** means a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.
- 2.1.17. **“residential”** means a suite of rooms which form a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and lodging undertaking, hostel and place of instruction.
- 2.1.18. **“tax base”** means the values as reflected in the officially approved valuation roll of the municipality.
- 2.1.19. **“urban land”** means land which is situated within a proclaimed township.
- 2.1.20. **“vacant land”** means:
 - 2.1.20.1. land within a registered township where no immovable improvements have been erected; or
 - 2.1.20.2. Unless it is situated in areas such as business or industrial etc will be categorized as residential

3. Strategic Focus

3.1. Policy Objectives

- 3.1.1.to ensure certainty and clarity as to amounts payable in respect of property rates;
- 3.1.2.to ensure the promotion of efficient, economic and effective use of resources;
- 3.1.3.to promote development and endeavour to attract investment for job creation;
- 3.1.4.to spread the rates burden impartially, fairly, equitably and without bias;
- 3.1.5.to create an opportunity for public participation in policy making;
- 3.1.6.to contribute towards the accountability of the municipality;
- 3.1.7.to contribute towards the transparency of the municipality;
- 3.1.8.to contribute towards the financial sustainability of the municipality; and
- 3.1.9.to protect citizens against exploitation by the municipality.

3.2. Principles of Taxation

- 3.2.1.an **autonomous tax** – the determination and levying of the tax will be in the discretion of the Council of the municipality;

3.3. Determining the rate on property, exemptions, rebates and reductions

3.3.1. The Council of the municipality has to annually consider:

- 3.3.1.1. the impact of rates on the community;
- 3.3.1.2. the impact of rates on businesses;
- 3.3.1.3. the current economic climate;
- 3.3.1.4. the Integrated Development Plan (IDP) of the municipality;
- 3.3.1.5. the Town Development Strategy and Financial Plan of the municipality;
- 3.3.1.6. mitigating major shocks to ratepayers when moving from a site rating to the total market value (land and buildings) of a property.

4. Annual Adoption of the Policy

4.1. The Rates Policy will be reviewed annually in compliance with Section 5(1) of the MPRA and according to the budget timetable tabled by the Executive Mayor in accordance with Section 21(1)(b)(ii)(bb) of the MFMA with the tabling of the Annual Budget as per Section 16(2) of the MFMA. Community participation will take place in accordance with Chapter 4 of the Local Government : Municipal Systems Act, Act 32 of 2000 and by following the processes as per Sections 21A and 21B of the Municipal Systems Act, Act 32 of 2000 (as contained under Section 5 of the Municipal Systems Act Amendment Act, Act 44 of 2003) as follows:

4.1.1. as a document made public (Section 21A):

- 4.1.1.1. displayed at the head and satellite offices and libraries of the municipality.
- 4.1.1.2. displayed on the municipality's official website (as per prescriptions contained under Section 21B).
- 4.1.1.3. notified to the local community of the place, including website address, where detailed particulars can be obtained.
- 4.1.1.4. inviting the local community to submit written comments or representations to the municipality in respect of the published document.

5. Key Principles

5.1. Equity

5.1.1. The fundamental principle is that taxpayers in similar circumstances to pay similar levels of tax and taxpayers with greater ability to pay larger amounts of tax, however, in local government the value of a ratepayer's property is the proxy or surrogate for the ability to pay.

5.1.2. The circumstances for an individual ratepayer are only taken into account in respect to any exemptions, rebates or reduction that may be granted. Rates are *levied on an ad valorem* (by value) basis that is pro-rata to the value of the property.

5.1.3. In the local government context the application of the *equity* principle would suggest that the tax (the rate in the rand) would be the same for all ratepayers in a municipal area, unless some compelling application of other taxation principles changes in the incidence of the tax. The main reasons why one ratepayer may pay a different rate than another ratepayer are:

- 5.1.3.1. different rates levied on different categories;
- 5.1.3.2. exemptions;
- 5.1.3.3. rebates; and

5.1.3.4. reductions.

5.1.4. Although these mechanisms were created by the MPRA, the application thereof should be justified. The main reason is to retain the historical level of contribution of the various categories of properties to the income from assessment rates and thereof minimize the impact on ratepayers.

5.2. Affordability

5.2.1. In considering affordability, the total municipal account, and not only the rates account will be considered. The Council of the municipality will endeavour to limit the annual increase in the revenue from property rates to a threshold in the framework of the yearly macro directives issued by the national treasury or other relevant regulations issued on a year to year basis at the time of tabling the annual operating budget, except when the approved Integrated Development Plan of the municipality demand for a greater increase.

5.3. Poverty Alleviation

5.3.1. The effect of rates on the poor has been taken into account in terms of the municipality's Free Basic Services and Indigent Policy. The ***first R15 000,00*** of the value of all residential property according to the approved valuation roll will be exempted from the payment of assessment rates *plus a further 50% discount for registered and approved indigents*. Additional alleviations can be considered by Council in the tabling of the yearly operating budget of which will be reflected in the indigent policy.

5.4. Limitation of rates increases

5.4.1. The transformation from a site rating system to a system where the total value (land and buildings) will be rated will cause major shifts in the rates burden on the owners of certain properties.

5.4.2. As guideline the implementation of the Municipal Property Rates Act should not lead to an increase in the income from assessment rates, and it should not result in major deviation from previous tax structures or shocks to ratepayers. To give effect to these guidelines it is necessary to set limitations to the increase of rates for the four financial years for which the first valuation roll compiled in terms of the MPRA is implemented.

6. Amount due for rates

6.1. The Council of the municipality shall as part of each annual operating budget determine a rate in the rand for every category of ratepayer.

6.2. The determination of such rate shall concur with the limits as per Section 16(1) of the MPRA on property that would materially and unreasonably prejudice:

6.2.1. national economic policies;

6.2.2. economic activities across the municipal boundaries;

6.2.3. the national mobility of goods, services, capital and labour.

and therefore, in terms of Section 17(1) of the MPRA specified impermissible rates are excluded from the rating structure and are reflected as exemptions under paragraph 10.3 of the Policy.

7. Liability for rates

- 7.1. A rate levied by the municipality on a property must be paid by the owner of the property as regulated by Section 24 of the MPRA.
- 7.2. When transfer of property takes place, the incidence of property rates falls as a charge on the new owner from date of registration by the Registrar of Deeds.
- 7.3. Rates are levied on an annual basis at the start of the financial year as per Section 12(1) of the MPRA, but for the convenience for ratepayers raised monthly on combined consumer accounts and payable within seven (7) working days of the following month according to the payment cut-off date stipulated on the specific monthly account.
- 7.4. Annually levied property tax and tariffs may not be changed during a financial year except for the purpose of a financial recovery plan as per Section 28(6) of the MFMA.
- 7.5. Arrear payment on property rates at the monthly or annually due dates, are subject to interest as stipulated by Section 97(1)(e) of the Municipal Systems Act at a rate equal to the prime plus 1% overdraft rate as from time to time determined by the banker keeping the municipality's primary bank account.
- 7.6. When rates are levied in respect of a full financial year, the responsibility vests on the first day of that financial year.
- 7.7. When rates are levied in respect of a valuation in a supplementary valuation roll, and the rates on that valuation are levied for the first time, the liability to pay the rates vests on the first day of the month following the completion of the public inspection period required by Section 50 of the MPRA.
- 7.8. The final day for payment of annually levied and payable rates is 30 September of the specific financial year.
- 7.9. Any decision on the deferment of payment of a rate is subject to the stipulations of the municipality's Credit Control and Debt Collection Policy.
- 7.10. The municipality may recover arrear rates from tenants or occupiers of rated property, or from agents of the owner of such property equal to the value of unpaid rental in terms of Section 28 and 29 of the MPRA.

8. Valuation of rateable properties

- 8.1. A general valuation of all rateable properties will be undertaken and a valuation roll compiled every four (4) years.
- 8.2. Supplementary valuations will be undertaken on an ongoing basis and in terms of section 78 of the MPRA.
- 8.3. Supplementary valuation rolls will be compiled once a year.
- 8.4. Amendments to the valuation roll to reflect changes to the owner, address or other prescribed particulars as contemplated by Section 79 of the MPRA will be done annually and only the electronic copy of the valuation roll will be updated.

9. Levying of rates

9.1. Property not subject to rates

9.1.1. Rates will not be levied on the transportation corridors of public service infrastructure owned by the municipality and state, such as :

- 9.1.1.1. roads and streets
- 9.1.1.2. railway lines
- 9.1.1.3. pipelines
- 9.1.1.4. cabling or overhead conductor

9.2. Categories for rating purposes

9.2.1. In relation to property a category relates to properties determined in terms of Section 8 of the MPRA and in relation to owners of properties it means category of owners as determined in terms of Section 15(2) of the MPRA.

9.2.2. The category will be determined by the actual use of the property and if the property is not in use, the zoning will determine same.

9.2.3. The Municipal Valuer will be responsible for the categorizing of properties and the maintenance thereof as any change in use of a property may result in a change to the category.

9.2.4. The categories that are determined in line with Section 8(1) of the MPRA, are:

- 9.2.4.1. Residential
- 9.2.4.2. Business
- 9.2.4.3. Industrial
- 9.2.4.4. Mining
- 9.2.4.5. Municipal property which will be as per definition
- 9.2.4.6. Municipal property leased
- 9.2.4.7. Municipal Business
- 9.2.4.8. Municipal Residential
- 9.2.4.9. Municipal Agriculture
- 9.2.4.10. Municipal PSI and other PSI
- 9.2.4.11. Municipal other
- 9.2.4.12. Public Service Infrastructure
- 9.2.4.13. Protected areas
- 9.2.4.14. Farm used for agricultural purposes
- 9.2.4.15. Farm used for eco-tourism
- 9.2.4.16. Farm used for trading in or hunting of game
- 9.2.4.17. Farms with townships (farms with unregistered township)
- 9.2.4.18. Farms used for business and commercial
- 9.2.4.19. Farms used for residential
- 9.2.4.20. Farms used for other purposes
- 9.2.4.21. Farms used for residential (it may be rated as business)
- 9.2.4.22. Small holding used for residential/agricultural purpose
- 9.2.4.23. Small holding used for business and commercial
- 9.2.4.24. Small holdings with the other use
- 9.2.4.25. Government Business
- 9.2.4.26. Government Residential
- 9.2.4.27. Government Schools
- 9.2.4.28. State trust land

- 9.2.4.29. Government other
- 9.2.4.30. Public worship
- 9.2.4.31. Multiple use property
- 9.2.4.32. Protected areas
- 9.2.4.33. Sectional Schemes residential
- 9.2.4.34. Sectional Schemes Business
- 9.2.4.35. Sectional Schemes other
- 9.2.4.36. New private infrastructure developments residential, business and others
- 9.2.5. All agricultural properties regardless of their usage or category shall be levied by the Municipality at the same rate as determined by the Municipality in its approved yearly budget.
- 9.2.6. Units under sectional title will separately be assessed.

9.3. Rates for Business from Residential Dwellings

The tariff for “home business”, as defined in Council’s policy on businesses conducted from residential premises shall be determined as the aggregate tariff for the residential and business category. This will exclude Guest Rooms which will be rated as business, but includes residential properties with second dwellings and duets not subject to a sectional title scheme. The normal residential tariff applies where parents occupy these units in terms of Council Policy.

9.4. Rates for Mining Activities

- 9.4.1. Based on the level of services (roads, sewerage, electricity, water, refuse removal) provided by the municipality a tariff equal the business tariff shall be applicable for the category “mining” or the rate determined in the framework of the yearly macro directives issued by the national treasury or other relevant regulations issued on a year to year basis at the time of tabling the annual operating budget.
- 9.4.2. An approved Social Labor Programs and Programs of social upliftment of society as approved by the Department of Minerals and Energy should be submitted to the Municipality with the application for rebates.

9.5. Municipal

Properties in the “Municipal” category are exempted unless a lease agreement for such a property (or part thereof) exists.

9.6. Public Service Infrastructure

Public services infrastructure as per definition, relate to essential services and shall therefore be exempted from property rates.

9.7. Agricultural Farms

- 9.7.1. Based in general on:
 - 9.7.1.1. extent of municipal services provided (roads, sewerage, electricity, water, refuse removal).
 - 9.7.1.2. contribution of agriculture to the local economy.

- 9.7.1.3. extent to which agriculture assists in meeting service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers.

9.8. Eco-Tourism and Game Farms

The rates levied on agricultural farms shall be levied on the eco-tourism and game farms.

9.9. Residential or Agriculture Small Holdings

Residential or Agricultural Small Holdings shall be rated equal to “residential” tariff based on the level of services provided by the municipality and its non-urban location. Within the urban area such small holdings will be rated as “residential” properties.

10. Relief mechanisms

The Council of the municipality may grant exemptions, rebates and reductions in recognition of Section 15(2) of the MPRA:

10.1. Rebates

When a specific category of owners of properties or the owners of a specific category of properties qualify for more than one rebate at a given time, each rebate will be calculated on the total levy amount.

10.1.1. Indigent rebate

As determined by the municipality’s Free Basic Services and Indigent Policy.

10.1.2. Rebates on newly rateable property

As stipulated by Section 21 of the MPRA newly rateable property must be phased in as follows:

- 10.1.2.1. In the 2008/2009 financial year a rebate of 75%;
- 10.1.2.2. In the 2009/2010 financial year a rebate of 50% of the rate;
- 10.1.2.3. In the 2010/2011 financial year 25% of the rate will be granted; and
- 10.1.2.4. In the 2011/2012 financial year the rate will be payable without any rebate.

10.2. Reductions

10.2.1. Non-urban reduction

The rate applicable to developed non-urban land or vacant non-urban land will be applied to:

- 10.2.1.1. 100% of the pro-rata value of the property on the first 5 hectares thereof;
- 10.2.1.2. 75% of the pro-rata value of the property on the next 5 hectares thereof;
- 10.2.1.3. 50% of the pro-rata value of the property on the next 5 hectares thereof;
- 10.2.1.4. 25% of the pro-rata value of the property on the next 25 hectares thereof;
- 10.2.1.5. 1% of the pro-rata value of the remainder thereof in excess of 40 hectares.

10.3. Exemptions

- 10.3.1. rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (Act 100 of 1978).
- 10.3.2. rateable property registered in the name of an institution or organization which, in the opinion of the Council of the municipality performs charitable work.
- 10.3.3. hospitals, clinics and institutions for mentally ill persons which are not operated with the intention to make profit;
- 10.3.4. rateable property registered in the name of a public benefit organization performing specified public benefit activities;
- 10.3.5. cemeteries and crematoriums which are registered in the names of private persons and which are used exclusively for burials and cremations of human remains, as the case may be;
- 10.3.6. museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and which are open to public, whether admission is charged or not;
- 10.3.7. national monuments including ancillary business activities at national monuments;
- 10.3.8. rateable property registered in the name of a trustee or trustees or any organization which is being maintained for the welfare of war veterans as defined in Section 1 of the Social Aid Act (House of Assembly), 1989, Act 37 of 1989, and their families;
- 10.3.9. sport grounds used for the purposes of amateur sport and any social activities which are connected with such sport;
- 10.3.10. rateable property registered in the name of the Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any organization which is in the opinion of the municipality similar or any rateable property let by the municipality to any such organization;
- 10.3.11. rateable property registered in the name of a declared institution as defined in Section 1 of the Cultural Institutions Act, 1969, Act 29 of 1969, or the Cultural Institutions Act (House of Assembly), 1989, Act 66 of 1989.
- 10.3.12. In addition to the first **R15 000, 00** of exemption as per paragraph 5.3 of the policy a further 20% of the remaining value for old age or disabled pensioners solely dependant from their pension, subjected to the following conditions:
 - 10.3.12.1. the combined income of the landowner and his spouse does not exceed R46 500,00 per annum or determined by Council from time to time;
 - 10.3.12.2. the property is occupied by the owner; and
 - 10.3.12.3. only owners over the age of 60 years or being the breadwinner and totally dependent on a social disability pension or any other pension comparable to social disability pension, should come into consideration.
- 10.3.13. The first 85% of the rateable valuation of property of new private infrastructure developments where a single property becomes divided through either subdivision or township establishment into 10 or more full title units and all services inclusive of water, sewerage and electricity and roads are installed by the developer at his own cost for a period of two (2) years from the date of registration of the subdivision or the proclamation of the township or for a shorter period until the newly created units are sold off or improved before expiry of two (2) year period.
- 10.3.14. **All properties as specified by Section 17(1) of the MPRA as follows:**
 - 10.3.14.1. on the first 30% of the market value of public service infrastructure, except for power stations;
 - 10.3.14.2. on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the

- meaning of the National Environmental Management Biodiversity Act, 2004, which are not developed or used for commercial business, or residential agricultural purposes;
- 10.3.14.3. on mineral rights within the meaning of paragraph (b) of the definition of “property” in Section 1 of the MPRA;
 - 10.3.14.4. on a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds;
 - 10.3.14.5. on the first R15 000,00 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
 - 10.3.14.5.1. for residential purposes;
 - 10.3.14.5.2. for properties used for multiple purposes, provided one or more components of the property and which forms the major part of the property, are used for residential purposes; or
 - 10.3.14.5.3. on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship. The exemptions as contained under subparagraphs 10.3.1 to 10.3.13 above may only be granted upon formal written applications submitted by the owners for consideration in terms of Section 15(2) of the MPRA.

10.4. Application for exemptions, rebates and reductions

- 10.4.1. All application for exemptions, rebates and reductions shall be made to the Municipality through its income section in the prescribed form approved by the Albert Luthuli Municipal Council.
- 10.4.2. The discretion to grant such an application shall solely lie with the Municipality and shall be no appeal to such a decision.

10.5. Reporting of all exemptions, rebates and reductions

- 10.5.1. The Municipal Manager must annually within two months from the end of a financial year table in Council according to Section 15(3) and (4) of the MPRA with relation to that financial year the following:
 - 10.5.1.1. such exemptions, rebates and reductions;
 - 10.5.1.2. exclusions referred to in Section 17(1)(a), (e), (g), (h) and (i) of the MPRA; and
 - 10.5.1.3. the phasing-in discount granted in terms of Section 21 of the MPRA.
- 10.5.2. All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality’s annual budget for that year as:
 - 10.5.2.1. income on the Revenue side; and
 - 10.5.2.2. expenditure on the Expenditure side.

11. Disclaimer

- 11.1. Any rate to be levied on rateable property in terms of this policy or any section of applicable legislation and by way of oversight or any other error not levied, cannot be challenged on the

basis of non-compliance with this policy, and must be paid in accordance with the required payment provision.

- 11.2. Where a ratepayer believes that the Council has failed to properly apply this policy he/she should raise the matter with the Municipal Manager.

Credit Control and Debt Collection Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

Explanatory Note: This Policy is applicable to Albert Luthuli Municipality (hereinafter referred to as “the Municipality”) only. In terms of Section 80 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000); the Municipality may enter into service delivery agreements with service providers to provide Municipal services to customers. In such instances the internal Credit Control and Debt Collection Policies of those entities may differ from this Policy, but shall be subject to the promulgated Credit Control and Debt Collection By-laws.)

1. Introduction

WHEREAS it is an object of Local Government under the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), to ensure the provision of services to communities in a sustainable manner;

AND WHEREAS every Municipal Council must, under Section 98(1) of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), adopt policies to give effect to the Municipality’s credit control and debt collection, its implementation and enforcement;

NOW THEREFORE the following is adopted as the “Credit Control and Debt Collection Policy”:

2. Objectives

2.1. The objectives of these policies are to:

- 2.1.1. Provide a framework within which the Municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.1.2. Ensure that all monies due and payable to the Municipality are collected and used to deliver Municipal services in the best interest of the community, residents and ratepayers and in a financially sustainable manner;
- 2.1.3. Outline the procedures that will ensure that the members of the local community are afforded the opportunity to contribute in the decision-making processes of the Municipality and that they are informed of the decisions and affairs of the Municipality;
- 2.1.4. Set realistic targets for debt collection;
- 2.1.5. Outline credit control and debt collection policy procedures and mechanisms;
- 2.1.6. Recognise the Municipality’s constitutional obligations to develop the local economy and to provide affordable and acceptable services to all its residents, consumers of services and ratepayers;
- 2.1.7. Acknowledges the fact that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the assessment rates which it legitimately levies complete and in full from those residents who can afford to pay, and in accordance with its indigence relief measures for those who qualify as indigents in terms of the council’s approved and adopted indigence management policy; and
- 2.1.8. To describe credit control measures and sequence of events.

3. Definitions

In this Policy, unless the context indicates otherwise:

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);

“charges” means surcharges on fees, penalties, property rates, taxes, levies and duties;

“Council” means -

- (1) the Municipal Council of Albert Luthuli Local Municipality established by Provincial Notice No 299 dated 1 October 2000, as amended, or its successor in title and any committee or person to which or to whom an instruction has been given or any power has been delegated in terms of, or as contemplated in, Section 59 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), or
- (2) a service provider in respect of any power, function or duty of the Council as contemplated in paragraph (1), assigned by it for the purposes of this Policy to that service provider in terms of Section 81(2) of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).

“customer” means the owner of any premises upon which charges are levied as well as a person to whom a service provider supplies services, and the occupier thereof, where applicable;

“day” means a calendar day and a period of days are calculated by excluding the first day of the period and including the last day, unless the last day falls on a Saturday, Sunday or public holiday in which event the period is calculated with the exclusion of the first day and also of the Saturday, Sunday or public holiday;

“debtor” means a person owing an amount of money to the Municipality for a reason other than through the provision of Municipal services;

“employer” means an employer as defined in Paragraph 1 of the Seventh Schedule of the Income Tax Act, 1962 (Act No 58 of 1962);

“implementing authority” means the Municipal Manager of the Council or any other Official delegated by the Municipal Manager to implement and enforce the Council’s Credit Control and Debt Collection Policy;

“municipal account” means any Municipal service charge, tax or other fees, interest and charges due in terms of a contract or approved tariff or rate, which is outstanding after the due date, normally appearing on the consolidated account, or overdue in terms of the contract or any other due date that has passed;

“Municipality” means the Albert Luthuli Local Municipality;

“occupier” includes any person in actual occupation of premises without regard to the title under which they occupy, if any;

“owner” in relation to premises means:

- (1) a person who from time to time is registered as such in a deeds registry as defined in the Deeds Registries Act, 1937 (Act No 47 of 1937); or

- (2) where the person is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of their property is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative; or
- (3) where a Sectional Title Register has been opened under Section 8 of the Titles Act, 1971 (Act No 66 of 1971), the body corporate as defined in that Act, and includes any person receiving rent for the premises whether for their own account or as agent for a person entitled to it.

“person” means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;

“premises” means any piece of land which is situated in the area of jurisdiction of the Council, the external surface boundaries of which are delineated on:

- (1) A General Plan or Diagram registered under the Land Survey Act, 1927 (Act No 9 of 1927), or under the Deeds Registries Act, 194(3)7 (Act No 47 of 1937); or
- (2) A Sectional Title Register opened under Section 8 of the Sectional Titles Act, 1971 (Act No 66 of 1971).

“service” means any service rendered by or on behalf of the Council, in respect of which an account may be rendered, excluding any service rendered by the Council as an agent for another principal; and **“services”** has a corresponding meaning;

“standard rate of interest” means the interest rate as determined by the Minister of Finance from time to time under Section 89 of the Income Tax Act, 1962 (Act No 58 of 1962) and published in the Gazette; interest rate in terms of the budget is prime rate plus 1%.

“supervisory authority” means the Municipality’s Mayoral Committee.

4. Principles

- 4.1. The administrative integrity of the Municipality must be maintained at all costs. The democratically elected officials (councillors) are responsible for policy-making, while it is the responsibility of the Municipal Manager or any other Official delegated by the Municipal Manager to execute these policies.
- 4.2. Prospective consumers must complete an official Municipal application form formally requesting the Municipality to provide them with electricity and water.
- 4.3. A copy of the official Municipal application form, conditions of services and applicable extracts from the adopted Council’s Credit Control and Debt Collection Policy and By-laws must be handed to every consumer on.
- 4.4. Monthly billing of Municipal accounts is to be accurate, timeous and understandable.
- 4.5. The Consumer is entitled to have access to all Municipal cashier or pay points and to a variety of reliable payment methods, including third party payments i.e. the South African Post Office (SAPO).
- 4.6. The Consumer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of such a reasonable appeal.
- 4.7. Enforcement of payment must be prompt, consistent and effective at all time and applicable to all ratepayers or consumers of services rendered by the Municipality.
- 4.8. Fraud and/or criminal offences can lead to the loss of rights and heavy penalties and/or public prosecution could be instituted by the Municipality on the perpetrator if he or she should be found guilty.
- 4.9. Payment Incentives and disincentives may be used in collection procedures and during the collection process.

- 4.10. The collection process must at all times be cost-effective and within the approved budget of the Municipality/Council.
- 4.11. Debt Collection “Best Practices” will be pursued at all time during the execution of the Policy.
- 4.12. Depending on Credit Rating Council may provide reduced levels of service to manage the debt growth.
- 4.13. Debt Collection and Credit Control Results will be regularly monitored and efficiently reported to the Municipal Manager or any other Official delegated by the Municipal Manager as well as the Municipal Council.
- 4.14. Although customer care and debt collection are inter-related issues, they should be performed by two separate divisions of the Income Section of the Department Finance.
- 4.15. There must be legal cause between the Municipality and its consumers/debtors and consumer/debtor debt must arise out of a legal framework and must be legally collectable.
- 4.16. Indigent households will be identified and supported as required by legislation. Welfare is to be separated from tariff and debt collection and credit control issues and will be supported by appropriate, affordable and adopted policies and practices.
- 4.17. Indigent support will be introduced within the Council’s financial ability and in accordance with the applicable legislation.
- 4.18. Performance Targets for customer care, debt collection and credit control will be set and pursued at all times and remedies will be implemented for non-performance.

5. Indigent Subsidy

- 5.1. The source of funding of the indigent subsidy is that portion of the equitable share contribution to the Municipality made from the national government’s fiscus and as provided for in the Annual approved Budget of the Municipality. In exceptional circumstances this can be supplemented from other revenues if Council approval to that effect is obtained.
- 5.2. The subsidy amount is to be crudely calculated by dividing the portion of the equitable share as budgeted by the estimated number of qualifying households per area and tariff type. These figures are the approximate average subsidy per household.
- 5.3. The Municipal Council shall annually, as part of its budgetary process, determine the Municipal services such as water and electricity and levels thereof that will be subsidised in respect of indigent customers in accordance with national policy, subject to the principles of sustainability and affordability.
- 5.4. The Municipal Council shall, in the determination of Municipal services that will be subsidised for indigents, follow the Free Basic Services Policy of the Municipality.
- 5.5. Where electricity is to be subsidised under the Free Basic Services Policy of the Municipality, such households may be required to convert to pre-payment electricity meters when implemented, the cost of which can be met either by:
 - 5.5.1.the equitable share fund, if sufficient;
 - 5.5.2.a surcharge on the electricity coupon cost; or
 - 5.5.3.cash payment by the indigent household.
- 5.6. If an indigent customer’s consumption or use of a Municipal service is less than the subsidised service, the unused portion may not be accrued by the indigent customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 5.7. If an indigent customer’s consumption or use of a Municipal service is in excess of the subsidised service, the indigent customer will be obliged to pay for such excess consumption at the applicable rate.
- 5.8. Indigent households subsidised under the Free Basic Services Policy whose consumption has exceeded the limits set out in that policy, and who are in arrears on payment for these services, may be restricted in respect of electricity.
- 5.9. The Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form and to record any changes in circumstances and make recommendations on the continuation, variation or discontinuation of the subsidy.
- 5.10. The disqualification process asset out in the Indigent policy should be followed if:
 - 5.10.1. the application was filled in dishonestly;

- 5.10.2. audits indicate improvements in the financial circumstances of the indigent household above the qualifying income.
- 5.11. Arrears accumulated in respect of the Municipal accounts of customers prior to their first registration as indigent customers, will be suspended and interest shall not accumulate on such arrears for the period that a customer remains registered as an indigent customer.
- 5.12. Arrears suspended in terms of Section 5(11) shall become due and payable by the customer on de-registration as an indigent customer.
- 5.13. In special individual cases, a report may be submitted to the Mayoral Committee to decide if Section 5(12) should be implemented or not.

6. Customer Care and Management

6.1. Communication and Feedback

- 6.1.1. The Municipality will communicate and give feedback to communities, ratepayers and residents in accordance with its Policy on Public Participation.
- 6.1.2. The Council will establish:
 - 6.1.2.1. A separate, centrally controlled, telephone, with a logged call registers facility, available to receive all unresolved customer complaints and to receive feedback regarding the quality of services provided by the Council.
 - 6.1.2.2. A system to monitor response times and time taken for corrective action shall be installed. Copies of all logged complaints and feedback received will be submitted to the Municipal Manager at the end of each day for the necessary action and attention.
 - 6.1.2.3. Appropriate training for officials dealing with the public to enhance communications and effective service delivery; and
 - 6.1.2.4. A communication mechanism to give the Council feedback on the implementation of this Policy and other issues of concern.

6.2. Service Application and Agreements

- 6.2.1. All consumers of services will be required to sign an application and agreement form for new consumer services governing the supply, and cost of Municipal services. Owners may allow a tenant to sign a separate agreement with the Municipality, which the Municipality may accept, provided that the written consent of the owner is provided. On default by a tenant, the owner is the debtor of last resort, except in respect of the Council's own property.
- 6.2.2. Prior to signing these agreements, owners and/or tenants will, on request, be entitled to receive the Credit Control and Debt Collection Policy Document of the Council.
- 6.2.3. On the signing of the agreement, owners and/or tenants will receive a copy thereof.
- 6.2.4. Within a specified period (in the agreement) of change of ownership, meters will be read and the relevant Municipal accounts will be rendered.
- 6.2.5. In the agreement, customers/consumers/ratepayers will acknowledge liability for costs of collection, interest and charges, in the event of a delayed payment or payments.
- 6.2.6. Financial and other special incentives for both employers and employees may be considered where employers enter into an agreement with the Council, with the consent of the employee, where the employee is the customer, for the deduction of any outstanding amounts due by the customer to the Council, or any regular monthly amounts as may be agreed, from the salary or wage of the customer.
- 6.2.7. "Good payer" status, for example, may be awarded to such customers with specific benefits attached thereto, such as special queues for faster service. Customers who are employed whether as an employee or Councillor are not permitted to arrange to pay off their debt, unless they sign a stop order that provides for deductions from salary of arrears as well as the current account over the agreed period.

6.3. Customer Screening and Securities

- 6.3.1.All applicants for Municipal services must be verified for credit worthiness, including verification of information from banks, credit bureaus, local authorities, trade creditors and employers.
- 6.3.2.Security deposits either in cash or any other security acceptable to the Municipality will be taken and may vary according to the risk. A minimum deposit of the equivalent of 2 (two) months' average consumption will be taken, or as determined by the Council from time to time.
- 6.3.3.Deposits can be increased by the Municipality at any time at the sole discretion of the Municipality.
- 6.3.4.Deposits can vary according to the credit worthiness or legal category of the applicant subject to paragraph 4(3)(a).
- 6.3.5.The Municipality will not pay interest on security deposits held by the Municipality in terms of paragraph 4(3)(b).
- 6.3.6.On the termination of the agreement, the amount of the deposit less any outstanding amount due to the Municipality will be refunded to the customer/consumer/ ratepayer.

6.4. Accounts and Billing

- 6.4.1.Customers will receive an understandable and accurate bill from the Municipality on a monthly basis. All accounts will contain at least the following particulars, where possible and applicable:
 - (a) The name of the Council/Municipality.
 - (b) The name of the customer/consumer/ratepayer.
 - (c) The account number.
 - (d) The service levies or assessment rates in question.
 - (e) The period allowed for the payment of services and assessment rates.
 - (f) The property or stand number in respect of which the payment is required.
 - (g) The date before which payment must be made (due date).
 - (h) Business hours of the Municipality.
 - (i) The method(s) and place(s) of possible payment
 - (j) Any discount for early or prompt payment.
 - (k) Interest on late payment.
 - (l) Consequences of non-payment.
 - (m) Amount brought forward.
 - (n) Consumption for the current month reflecting units consumed, cost per unit and cost per service.
 - (o) Total amount payable.
- 6.4.2.Accounts will be produced in accordance with the meter reading cycle and due dates will be as determined by the Council from time to time.
- 6.4.3.Accounts will be rendered monthly in cycles of approximately 30 (thirty) days at the address last recorded with the Municipality or its authorised agent.
- 6.4.4.It is the customer's responsibility to ensure timeous payment in the event of accounts not received.
- 6.4.5.Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in final settlement of such an account, even when a dispute exists.
- 6.4.6.Where any payment made to the Municipality or its authorised agent by negotiable instrument is later dishonoured by the bank, the Municipality or its authorised agent:
 - (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the customer;
 - (b) Shall regard such an event as default on payment.
 - (c) May refuse to accept cheques or may refer to the Credit Bureau.

6.4.7. The Municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request.

6.5. Metering

- 6.5.1. The Municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all meterable services.
- 6.5.2. All meters will be read monthly, if at all possible. If the meter is not read monthly, the Council will average the consumption for preceding periods of 3 (three) months.
- 6.5.3. Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 6.5.4. Customers will be informed of meter replacement, in writing.
- 6.5.5. If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the Municipality or its authorised agent, the customer is charged for an average consumption.

6.6. Right of Access to Premises

- 6.6.1. The owner and/or occupier of premises will give an authorised representative of the Municipality access at all reasonable hours to the premises in order to read, inspect, install, repair or replace any meter or service connection for reticulation or to disconnect, stop or restrict, or reconnect the provision of any service.
- 6.6.2. The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- 6.6.3. If a person contravenes 4(6)(a), the Municipality or its authorised agent may:
 - (a) by written notice require such person to restore access at his/her own expense within a specified period;
 - (b) if it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such a person.

6.7. Payment Facilities and Methods

- 6.7.1. The Municipality will operate and maintain suitable banking and cash facilities and facilities will be accessible to all consumers and ratepayers.
- 6.7.2. The Municipality will, at its discretion, allocate a payment between service debts - a debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
- 6.7.3. The Municipality may, with the consent of a customer, approach an employer to secure a debt or stop order arrangement on his or her salary.
- 6.7.4. The customer will acknowledge in the customer agreements that the use of customer agents in the transmission of payments to the Municipality is at the risk of the customer - also for the transfer time of the payment in respect of the due date of the Municipal account.

6.8. Enquiries, Appeals and Service Complaints

- 6.8.1. If a customer is convinced that his/her account is inaccurate, he/she can lodge a written appeal with the Municipality addressed to the Municipal Manager for the recalculation of the said account.
- 6.8.2. In the interim period the customer must pay an average based on previous consumption where history of the account is available. Where no such history is available, the customer is to pay, without prejudice of rights, an estimate provided by the Municipality before the payment due date until the matter is resolved.
- 6.8.3. The relevant Department will investigate and inform the customer within a reasonable period of time.

6.8.4. Failure to make such agreed interim payment or payments would make the customer liable for disconnection of services.

6.8.5. A customer has the right to appeal against the finding of the Municipality or its authorised agent in terms of 4(8)(a).

6.8.6. An appeal and request in terms of 4(8)(e) must be made and lodged with the Municipality and addressed to the Municipal Manager within 21 (twenty-one) days after the customer became aware of the finding referred to in 4(8)(c) and must:

- (a) Set out the reasons for the appeal;
- (b) Be accompanied by any security determined for the testing of a measuring device if applicable.

6.8.7. Businesses who Tender with the Municipality

6.8.7.1. When inviting tenders or quotations for the provision of services or delivery of goods, potential contractors may submit tenders or quotations subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant Municipal accounts owing by the tenderer or its members, directors, owners or partners have been paid in full or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.

6.8.7.2. Tender conditions must contain a condition allowing the Municipality to deduct monies owing to the Municipality from contract payments in terms of a reasonable arrangement with the tenderer.

7. Customer Assistance Programmes

7.1. Water Leakages

7.1.1. If the leakage is on the side of the meter of the customer, the customer is responsible for the payment of the full account.

7.1.2. The customer has the responsibility to control and monitor his/her consumption.

7.2. Investments Principles

7.2.1. Properties may qualify for a rate rebate determined annually by the Council.

7.2.2. A rate rebate may be granted to social pensioners or the receiver of a state disability grant as determined by the Council from time to time. To qualify for the concession, the following criteria will apply:

- (a) The application must be made each year and reach the chief financial officer on or before 31 May.
- (b) The applicant must be the registered owner of the property and should not sublet any portion of the property.
- (c) The applicant should not own any other property.

- (d) The property must be readily accessible to Municipal Officials for the purpose of carrying out of inspections and reading of meters.

7.3. Arrangements for Settlements

7.3.1.If a customer cannot pay his or her account with the Municipality, then the Municipality may enter into an extended term of payment with the customer. The customer must:

- (a) sign an acknowledgement of debt;
- (b) sign consent to judgement;
- (c) provide a garnishee order / emolument order / stop order (if he/she is employed);
- (d) acknowledge that interest will be charged at the prescribed rate, being the prime lending rate of the Municipality's banker plus 1% as amended by the South African Reserve Bank from time to time;
- (e) pay the current portion of the account in cash; and
- (f) sign an acknowledgement that if the arrangements being negotiated are later defaulted on, no further arrangements will be possible and that disconnection of services and blockage of pre-payment meters will immediately follow, as will legal proceedings.

7.3.2.Customers with electricity arrears may be requested to agree to the conversion to a pre-payment meter after all arrears and the cost of the pre-payment meter has been paid in full and a written agreement to this effect has been entered into.

7.3.3.The Council reserves the right to raise the deposit / security requirement in accordance with Paragraph 4(3) of debtors who seek arrangements.

8. Indigent Subsidy

- 8.1. **Qualifying households.** A household with no income and/or R1500 income qualifies as an indigent household and for a Council subsidy. The applicant must occupy the premises, receive a Municipal account, may not own any other property, either inside or outside the Municipality's area of jurisdiction and must comply with any other terms or conditions determined and adopted by the Council from time to time.
- 8.2. **Funding of subsidy.** The source of funding of the indigent subsidy is that portion of the equitable share contribution to the Municipality made from the national government's fiscus and as provided for in the Annual approved Budget of the Municipality. In exceptional circumstances this can be supplemented from other revenues if Council approval to that effect is obtained.
- 8.3. The subsidy amount is to be crudely calculated by dividing the portion of the equitable share as budgeted by the estimated number of qualifying households per area and tariff type. These figures are the approximate average subsidy per household.
- 8.4. Subsidised services are to be sewerage, water and refuse removal.
- 8.5. Electricity will be subsidised and households for indigent support may be required to convert to pre-payment electricity meters when implemented, the cost of which can be met either by:
 - 8.5.1.The equitable share fund, if sufficient;
 - 8.5.2.A surcharge on the electricity coupon cost; or
 - 8.5.3.Cash payment by the household.

- 8.6. Indigent households which exceed free basic services and are in arrears may be restricted in respect of electricity and/or water.
- 8.7. Households become eligible by application on a specific application form of the Council, after which screening and ongoing auditing are possible. This form will require data on the inhabitants of the household, their occupations, income and property ownership and business ownership.
- 8.8. A qualifying household must be in possession of a letter of approval from the Municipality.
- 8.9. The Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form and to record any changes in circumstances and make recommendations on the continuation or discontinuation of the subsidy.
- 8.10. Indigent households may apply or reapply for indigent support at any time during the financial year on the prescribed application form of the Council.
- 8.11. Households will be excluded from the scheme if:
 - 8.11.1. The application was filled in dishonestly;
 - 8.11.2. Audits indicate improvements in the financial circumstances of the household beyond the qualifying income.
- 8.12. If a customer's consumption or use of a Municipal service is less than the subsidised service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 8.13. If a customer's consumption or use of a Municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rate.
- 8.14. An indigent customer must immediately requests de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meets the qualification set out in 5(1).
- 8.15. An indigent customer may at any time request de-registration.
- 8.16. Subsidies that have been received unrightfully will be reversed and recovered from the customer by the Municipality.

9. Debt Collection

9.1. Enforcement Mechanisms

9.1.1. Interruption of Service

- (a) Customers who are in arrears with their Municipal account and who have made no arrangements with the Municipality will have their supply of electricity other Municipal services suspended or disconnected and/or restricted.
- (b) The disconnection of services can be implemented when the Municipal account is 90 (ninety) day overdue.
- (c) The right to deny or restrict the sale of electricity to customers, who are in arrears with their rates or other Municipal charges, is reserved.
- (d) Upon the liquidation or arrears, or the conclusion of arrangements for term payment, services will be reconnected as soon as conveniently possible.
- (e) The cost of the restriction or disconnection and the reconnection will be determined by tariff agreed by the Council and will be payable by the customer.

9.1.2. Interest and Charges

- (a) Interest and penalties will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.

9.1.3. Personal / Telephonic / Agent Contact

- (a) The Municipal Manager will endeavour, within the constraints of affordability, to correspond personally, by telephone or by letter contact with all arrear debtors to encourage their payment and to inform them of their arrears state and their rights (if any) to conclude arrangements or to apply for indigent subsidies and other related matters, and will provide information on how and where to access such arrangements or subsidies.
- (b) The Municipality shall maintain a schedule of debtors with large amounts outstanding (the cut-off amount will be agreed by the Municipal Manager) and will maintain intensive contact with these debtors as in 6(1)(c)(i).
- (c) Such contact is not a right for debtors that debtors enjoy - disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

9.1.4. Legal Process / Use of Attorneys / Use of Credit Bureaus

- (a) The Municipal Manager will, when a debtor is 30 (thirty) days in arrears, commence legal process against that debtor, which process could involve summonses, court trials, judgements, emolument attachment orders and, as a measure of last resort, sales in execution of property. Indigent households are exempted from this action for as long as:
 - The household is classified as an indigent case;
 - The repayment agreement with the Council is adhered to.
- (b) The Municipal Manager will exercise strict control over this process to ensure consistent accuracy and legality within it and will require regular reports on progress from staff charged with the responsibility or outside parties, be they attorneys of any other collection agents appointed by the Council.
- (c) The Municipal Manager will establish procedures and codes of conduct with these outside parties.
- (d) Emolument attachment orders in the case of employed customers are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.
- (e) All steps in the credit control procedure will be recorded for Municipal records and for the information of the debtor.
- (f) All costs of this process are for the account of the debtor.
- (g) Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus. This release will be in writing and this situation will be included in the Municipality's agreement with its customers.
- (h) The Municipal Manager may consider the cost effectiveness of this process and will receive reports on all relevant matters and report to the Mayoral Committee.

- (i) On a recommendation by the Municipal Manager, the Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement the Council might conclude with such agents or product vendors.
- (j) Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- (k) Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated. The Municipal Manager will determine appropriate measures to be installed within the broad parameters described in Paragraph 6 and consult with the Mayoral Committee on these measures

9.2. Cost of Collection

- (i) All costs of legal processes, charges, service discontinuation costs as associated with credit control and debt collection, are for the account of the customer and should reflect at least the cost of the particular action

9.3. Abandonment

- (i) The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's outstanding debts.
- (ii) There are some circumstances that allow for the valid termination of debt collection procedures:
 - (a) The insolvency of the debtor whose estate has insufficient funds:
 - (b) A balance owing too small to recover for economic reasons considering the cost of recovery.
- (iii) The Municipality will maintain audit trails in such an instance and document the reasons for the abandonment of the outstanding debt.

9.4. Rates Clearance

- (i) On the sale of any property in the Municipal jurisdiction, the Council will withhold the transfer until all rates, services and sundry charges related to the property are paid by withholding a rates clearance certificate, except where otherwise provided in legislation.

10. Performance Evaluation

10.1. Income Collection Targets

Council shall create targets that include:

- (a) Reduction in present monthly increase in debtors in line with performance agreements determined by the Council.

10.2. Customer Service Targets

Council shall create targets that will include:

- (a) Response time to customer queries.
- (b) Date of first account delivery to new customers.
- (c) Reconnection time lapse.
- (d) Meter reading cycle.
- (e) Reduction in customer complaints.

10.3. Administrative Performance

Council shall create targets that will include:

- (a) Cost efficiency of debt collection.
- (b) Query rates.
- (c) Enforcement mechanism ratios.
- (iv) The Council shall create a mechanism wherein these targets are assessed; the Council performance is evaluated and remedial steps taken.

11. Reporting to Council

11.1. The Chief Financial Officer shall report monthly to the Municipal Manager and MMC Finance in a suitable format to enable the Municipal Manager to report to the Mayoral Committee. This report shall report on:

- (a) Cash flow information for the capital and operating accounts and combined situation, showing the Council's actual performance against its cash flow budgets.
- (b) Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquiries; default arrangements; growth or reduction of arrear debtors ideally divided into wards, business [commerce and industry], and domestic, state, institutional and other divisions).
- (c) Performance of all areas against targets agreed to in Paragraph 6 of this Policy.

- (d) The Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.
- 11.2. The Mayoral Committee shall quarterly report to the Council as contemplated in Section 99(c) of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
- 11.3. If in the opinion of the Chief Financial Officer the Council will not achieve cash receipt income equivalent to the income projected in the annual budget as approved by the Council, the Chief Financial Officer will report this with motivation to the Municipal Manager, who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

12. Structures of Department of Finance

The Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of Finance, which requirements take into account the Council's agreed targets of customer care and management, and debt collection, and, after considering this report, the Council will, within reason, vote such resources as are necessary to ensure that Finance has the staffing and structures to meet the Council's targets in this regard or to outsource the service.

13. Short Title

This policy is called the Credit Control and Debt Collection Policy of Albert Luthuli Municipality.

14. Procedures

Within 30 days after the approval of this policy, the Municipal Manager shall approve procedures related to this Policy.

15. Legal Requirements

It is essential for the protection of the Municipality's interests that the provisions of particularly the Municipal Systems Act 2000 and the Property Rates Act 2004, in so far as they provide additional debt collection mechanisms for Municipalities, be diligently enforced. At the same time, both the Council and the Administration of the Municipality must note the obligations which the Municipality has towards the community in respect of customer care and relations.

For ease of reference a paraphrase of the relevant extracts from the Municipal Systems Act, specifically Sections 95 to 103 and Section 118 are therefore appended to this policy, as are Sections 28 and 29 of the Property Rates Act. The immediately relevant extracts from the Water Services Act 1997 and the Municipal Finance Management Act are also included in the Annexure.

(1) Section I : Water Services Act, 1997 (Act No 108 Of 1997)

(i) Section 21 : By-Laws

The Act requires a Municipality, in its capacity as water services authority, to make by-laws which contain conditions for the provision of water services and which provide for the following (*inter alia*):

- (a) the standard of the services;

- (b) the technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided;
- (c) the determination and structure of tariffs;
- (d) the payment and collection of moneys due for the water services consumed;
- (e) the circumstances under which water services may be limited or discontinued and the procedure for such limitation or discontinuation; and
- (f) the prevention of unlawful connexions to water services works and the unlawful or wasteful use of water.

(ii) Section II : Local Government: Municipal System Act, 2000 (Act No 32 of 2000)

Section 95: Customer Care Management

A municipality must, in relation to the levying of rates and other taxes, and the charging of fees for municipal services, within its financial and administrative capacity, do the following:

- (a) establish a sound customer management system which aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality itself or (where applicable) a service provider;
- (b) establish mechanisms for users of services and ratepayers to give feedback to the Municipality or other service provider with regard to the quality of the services and the performance of the service provider;
- (c) take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which moneys raised from the service are utilised;
- (d) where the consumption of services is measured, take reasonable steps to ensure that the consumption by individual consumers of services is measured through accurate and verifiable metering services;
- (e) ensure that persons liable for payments receive regular and accurate accounts which indicate the basis for calculating the amounts due;
- (f) provide accessible mechanisms for those persons to query or verify accounts and metered consumption, as well as appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;
- (g) provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the Municipality;
- (h) provide mechanisms to monitor the response time and efficiency in complying with the aforementioned requirements; and
- (i) provide accessible pay points and other mechanisms for settling accounts or for making prepayments for services.

(iii) Section III : Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)

Section 64: Revenue Management

The accounting officer of the Municipality is responsible for the management of the Municipality's revenues, and must, for this purpose, take all reasonable steps to ensure:

- (a) that the Municipality has effective revenue collection systems consistent with Section 95 of the Municipal Systems Act 2000 and the Municipality's Credit Control and Debt Collection Policy;
- (b) that revenues due to the Municipality are calculated on a monthly basis;
- (c) that accounts for municipal taxes and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- (d) that all moneys received are promptly deposited in accordance with the requirements of the present Act, into the Municipality's primary and other bank accounts;
- (e) that the Municipality has and maintains a management, accounting and information system which recognises revenues when they are due, accounts for debtors, and accounts for receipts of revenues;
- (f) that the Municipality has and maintains a system of internal control in respect of debtors and revenues, as may be prescribed;
- (g) that the Municipality charges interest on arrears, accept where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework; and
- (h) that all revenues received by the Municipality, including revenues received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

The accounting officer must immediately inform the national treasury of any payments due by an organ of state to the Municipality in respect of municipal taxes or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

Section 164: Forbidden Activities

Section 164(1)(c) lists as a forbidden activity the making by a Municipality of loans to councillors or officials of a Municipality, directors or officials of any Municipal entity, and members of the public. It has been assumed for purposes of compiling the credit control and debt collection policy that allowing any party to pay off arrears of rates and municipal service charges is not tantamount to the making of a loan in terms of Section 164.

(iv) Section IV : Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004)

Section 28 : Recovery of Rates in Arrears from Tenants and Occupiers

If the rates owed by a property owner are unpaid by due date, the Municipality may recover such rates, either in whole or in part, from any tenant or occupier of the property concerned.

However, the tenant or occupier of the property must first be given written notice of the Municipality's intentions, and the amount which the Municipality may recover is limited to the amount of rent and other moneys due and unpaid by the tenant or occupier to the property owner concerned.

Section 29 : Recovery of Rates from Agents

If it is more convenient for the Municipality to do so, it may recover the rates due on a property, either in whole or in part, from the agent of the property owner concerned.

However, the agent must first be given written notice of the Municipality's intention, and the amount the Municipality may recover is limited to the amount of any rent and other moneys received by the agent on behalf of such property owner, less any commission due to the agent.

The following examples of Administrative Forms are also attached for discussion and consideration for amendment of the current forms and eventual inclusion in the revised policy:

Administration Forms

- Application for New Service
- Application for Termination of Service
- Acknowledgement of Debt
- Notice
- Final Notice
- Cut Off Letter
- Disconnection List
- Reconnection List
- Application for Indigent Subsidy

LOGO OF MUNICIPALITY

ALBERT LUTHULI LOCAL MUNICIPALITY

APPLICATION AND AGREEMENT FOR NEW CONSUMER SERVICES

Account No. Residential:

Property/Stand No. Business:

Owner/Tenant: Other:

Surname/Business Name:

Initials:

Street No.: Flat No.:

Street Name:

P O Box/Private Bag:

Postal Code:

Telephone Work: Telephone Home:

Cellular Number:

Identity No.:

Language Preference:

Date of Take-on:

I/We agree to the conditions of supply, as set out in the by-laws governing the water supply and/or electricity, credit control, indigent, debt collecting policies and any amendment that may from time to time be made hereto to the stand number shown above, as well as the conditions set out overleaf.

Signature:

Date:

Owner/Agent.....

INSTRUCTION METER READER

Name: Old Account No.:

Service Date:

Address:

Debtor No. Stand No.:

Meter Reader Book Route:

Meter No.: Reading:

LOGO OF MUNICIPALITY

ALBERT LUTHULI LOCAL MUNICIPALITY

APPLICATION FOR TERMINATION OF SERVICE

Property No.:

Account No.:

Surname/Business Name:

Full Names:

Telephone Work: Telephone Home:

Address where Service is to be terminated:

.....

Reason for termination.....

Date on which Service is to be terminated:

Please refund the Security Deposit, less any money due to the Albert Luthuli Local Municipality to me at the following address:

.....

.....

I/We here by apply to the Council for the termination of the above Services.

Signature:

Date:

Owner

FOR OFFICIAL USE ONLY

Meter Reader

Date of Final Reading:.....

First Name:

Final Meter Reading:

Surname:

First Name:

Surname:

Date:

ACKNOWLEDGEMENT OF DEBT

I/We the undersigned Identity No.

an adult male/female, married/unmarried, married in/out of community of property do hereby acknowledge that I am truly and lawfully indebted to the Albert Luthuli Local Municipality in the sum of R..... plus interest at the rate of per annum arising from non-payment of service charges and/or assessment rates.

I/We promise and agree to pay the said amount to the Albert Luthuli Local Municipality as follows:

1. An initial payment of R..... and additional payments of R..... each, the first payment to commence on the 1st day of 20..... and thereafter on the 1st day of each and every month until the outstanding debt is settled in full.
2. I agree to pay the said amounts at the Municipality's Head Office every month on or before the due date until the outstanding amount is fully settled.
3. Should any payment not be paid on the due date, the full amount outstanding shall become due and payable immediately.
4. Should I fail as aforementioned for whatever reason then the Albert Luthuli Local Municipality is hereby authorised to levy execution against my assets without first a Court Order to do so in terms of the rules of the Supreme Court applicable to the execution of a judgement date.

In the event of my committing a breach of any provision of this Acknowledgement of Debt, at the option the creditor the said Capital Sum and any other sum whatsoever arising by me to the creditor in terms of this Acknowledgement of Debt shall be considered as legally claimable due, without notice and it is expressly understood that the waiver of the provisions of any terms of this Acknowledgement of Debt by the Creditor at any time previously, shall not under any circumstance prejudice the Creditor's right without any previous legal demand to avail himself to the provisions of this paragraph.

All benefits from legal exceptions non numerate pecuniae, non causa debiti with the end effect of which I declare myself to be fully acquainted with, are hereby renounced.

I choose domicilium citandi et executandi at I choose domicilium citandi et executandi at

.....

.....

I agree and consent that the terms of this

Acknowledgement of Debt be made an

Order of the Albert Luthuli Local Municipality

.....

.....

Debtor

Albert Luthuli Local Municipality

Signed at this day of 20

On behalf of the Albert Luthuli Local Municipality

NOTICE (REVERSE SIDE OF DEBT ACKNOWLEDGEMENT)

1. By my signature hereto, I undertake to pay all the attorney and client cost and collection commission in the event of the Albert Luthuli Local Municipality instituting action for recovery of monies due for services rendered in terms hereof.
2. Security deposits are not transferable.
3. Refunds of deposits will be made by electronic funds transfer only and within 30 (thirty) days of termination of the agreement.

4. If consumer fails to pay his account before or on the due date, a notice to such effect may be rendered. The costs involved will be charged to the consumer's account.
5. Interest at the prime lending rate of the Municipality's banker plus 1 (one) % will be charged on overdue accounts.
6. If a consumer fails to adhere to the said notice (refer to 4 above) the electricity supply may be terminated. The costs involved will be charged to the consumer's account.
7. In terms of the standard water and electricity by-laws of the Municipality, a deposit should be at least double the cost of the average monthly consumption, based on the consumption which the applicant is in the Chief Financial Officer's opinion likely to use during any twelve consecutive months.
8. Change of address must be notified within 14 days.

ALBERT LUTHULI LOCAL MUNICIPALITY

FINAL NOTICE

Account No.: All payments are included up to the

You are hereby notified in terms of the Council's Credit Control and Debt Collection Policy and By-Laws that your municipal account is in arrears as at the due date and that:

1. Your Electricity Supply will be disconnected without further notice.
2. Legal proceedings will be instituted for the recovery of money owing to the Council unless the specified amount is paid before the final date below or an arrangement is made and an agreement entered into.

<div>Due for Water & Electricity</div>	+	<div>Refuse</div>	+	<div>Sanitation</div>	+	<div>Assessment Rates</div>	+	<div>Other Charges</div>	+	<div>Total Amount Due</div>
R		R	R		R		R		R	

REMITTANCE ADVICE

Erf NoAccount Number

Amount Due Water & Elec

Refuse:

Sanitation:

Assessment Rates:

Other Charges:

Total Amount Due:

Final Due Date:

ALBERT LUTHULI LOCAL MUNICIPALITY

CUT-OFF LETTER / NOTICE

Account No.:

You are hereby notified that your Electricity supply has been disconnected due to the non-payment of your municipal account.

On payment of the total amount indicated the electricity supply will be reconnected.

Amount Due for Services

+

Deposit

+

Reconnection Fee

+

Other

=

REMITTANCE ADVICE

Erf Number:

Account Number:

Disconnection Date:

Amount Due for Services:

Deposit:

Reconnection Fee:

Other:

Total Amount Due:

ALBERT LUTHULI LOCAL MUNICIPALITY

DISCONNECTION LIST

FOR THE MONTH OF:

Name	Services Outstanding	Deposit Outstanding	Reconnection Fee	Outstanding Amounts at Cut Off	Paid After Cut Off	Receipt No.	Initials for Disconnections	Meter No.

ALBERT LUTHULI LOCAL MUNICIPALITY

RECONNECTION LIST

FOR THE MONTH OF

Erf No.	Name	Receipt No.	Signature upon Completion of Reconnection

ALBERT LUTHULI LOCAL MUNICIPALITY

INDIGENT CONSUMER SUBSIDY CHECK LIST

The following detail has been checked by me and found to be in accordance with the conditions of the Albert Luthuli Local Municipality indigent subsidy scheme.

Identification: (mark applicable space x)

- (a) SA Identity document
- (b) Application for new SA Identity document
- (c) SA Passport
- (d) Other (specify detail)

.....

.....

Gross Household Income:

- (a) Salary advice Amount: R
- (b) Letter from employer Amount: R
- (c) Pension Amount: R
- (d) Disability allowance Amount: R

(e) Maintenance Amount: R

(f) Other (specify detail) Amount: R

.....

.....

Additional Information:

(a) Total number of unemployed occupants

(b) Number of occupants

General remarks:

.....

.....

The abovementioned is to my knowledge a true reflection of the relevant circumstances.

NAME: (PRINT)

DESIGNATION: (PRINT)

DATE:

SIGNATURE:

APPLICATION FOR HOUSEHOLD INDIGENCY SUBSIDY

WARD NO.: STAND NO.:

1. In an effort to assist the needy population of the Albert Luthuli Local Municipality in the payment of municipal services as detailed on the pamphlet enclosed, the Albert Luthuli Local Municipality has agreed to a subsidy whereby households earning less than R..... per month would have certain services fully or partially subsidised.
2. Please read the back of this form to see if you qualify and what documents/forms you are required to produce and submit with this application. If you feel that you do qualify you must complete the details of all occupants over the age of 18 years old as at the date of this application together with their respective gross monthly income in the space below.

PERSONAL PARTICULARS OF ALL OCCUPANTS OVER 18 YEARS LIVING AT THE HOUSEHOLD

Identity Number	Initials	Surname	Employed Yes / No	Employer Name	Gross Monthly Income	Source of Income
1.						
2.						
3.						
4.						
5.						

Note: The account holder should be the person identified as no. 1 above.

Number of own children under the age of 18 years living in the household:

DECLARATION BY APPLICANT

I, the undersigned, who resides at the address indicated above, hereby apply for the Household Indigence. Subsidy determined in relation to the income indicated above, and solemnly declare that –

- a) All particulars furnished in this form, including the total gross income of myself and all occupants of the premises, are to the best of my knowledge and believe, true and correct.
- b) If the particulars furnished in this form should change for any reason, I will immediately notify the Municipality.
- c) I or any other occupant do not own any other property in the Republic of South Africa apart from the property indicated on the account for which this application is made.
- d) I agree that Municipal officials and/or the social worker may conduct an onsite audit or visit to verify the information supplied on this declaration.
- e) I am aware that any false declaration on this application form, is punishable by law and will result in disqualification of the subsidy and possible criminal prosecution.
- f) I agree that the supply of water to my premises may be restricted by a flow control washer or any other method the Council may deem fit if the balance of my services account is not paid in full.
- g) I am aware that I must be a South African citizen and also be a registered voter on the Albert Luthuli Local Municipality voters roll to qualify for this subsidy

I also agree to the following procedures/principles:

- aa) That my electricity supply will be downgraded to a 10 Amp connection
- bb) That my water supply will be restricted to 6 Kl per month

- cc) That all money due to council in excess of the subsidy provided will be paid by me on a monthly basis
- dd) That the subsidy will be collected by myself upon presentation of positive identification at the municipal offices on a monthly basis
- ee) That the council may supply me with pre-paid metering devices that it may deem necessary for the provision of services to me

.....

Date Signature/Thumb Print of Applicant

Council Attesting Official

The consequences of the above declaration made by the applicant was explained to him/her and he/she indicated that –

- (a) the contents of the declaration was understood; and
- (b) that if found to be untrue, he/she would automatically be disqualified from receiving any subsidy. He/she will be liable for the immediate repayment of any subsidy received and may have criminal proceedings instituted against him/her as the Council may deem fit.

.....

(Print full name) Date Signature

Ex Officio Commissioner of Oath Rep of South Africa

ALBERT LUTHULI LOCAL MUNICIPALITY

INDIGENT APPLICATION

HEAD OF HOUSEHOLD

SURNAME:

FIRST NAME:

IDENTITY NUMBER:

ACCOUNT NUMBER:

ADDRESS/ATAND NUMBER:

.....

.....

DO YOU OWN FIXED PROPERTY? YES NO

MUNICIPAL VALUATION

FAMILY COMPOSITION

SPOUSE FIRST NAME:

MAIDEN NAME:

IDENTITY NUMBER:

CHILDREN OR LODGERS NAMES	DATE OF BIRTH DD MM YYYY	INCOME

EMPLOYED: SELF-EMPLOYED:..... UNEMPLOYED:.....

OCCUPATION:

NAME OF EMPLOYER:

INCOME:

GROSS SALARY: R..... P/M WAGES: R..... P/M

WIFE'S EMPLOYER:

TELEPHONE NUMBER: MONTHLY INCOME: R.....

PENSION INCOME: P/M OTHERP/M

GENERAL**HOUSEHOLD DETAILS:**

1.1 Main house details

5 ROOM PLUS

4 ROOM

3 ROOM

2 ROOM

1 ROOM

TEMPORARY
STRUCTURE

1.2 Do you rent part of your household

YES	NO
-----	----

1.3 Are you the

Owner

Tenant

Tenant with council

ELECTRICITY SUPPLY

2.1 Do you have electricity

YES	NO
-----	----

2.2 Average monthly electricity account

2.3 Do you pay regularly for electricity

YES	NO
-----	----

2.4 If NO to the above why not

Do not want to

Not happy with account

No money

2.5 Do you use electricity for

Cleaning

Cooking	<input type="text"/>
TV / Radio	<input type="text"/>
Lights	<input type="text"/>
Heating Water	<input type="text"/>
Heating house	<input type="text"/>
Washing machine	<input type="text"/>

WATER REFUSE AND SEWERAGE

3.1 Do you have a water meter	YES	NO
-------------------------------	-----	----

3.2 Do you have refuse collection	YES	NO
-----------------------------------	-----	----

3.3 Do you have waterborne sewerage	YES	NO
-------------------------------------	-----	----

3.4 Average monthly payment	Water	R
-----------------------------	-------	---

Refuse	R
--------	---

Sewerage	R
----------	---

3.5 Do you pay regularly for the above services

3.6 If NO to the above why not

Do not want to

Not happy with account

No money

GENERAL FINANCIAL ASPECTS

4 How do you manage regarding the following

4.1 Clothing

4.2 Food

4.3 Shelter

4.4 Medical Expenses

SOCIAL / EMPLOYMENT ASPECTS

5 Employment

5.1 Have you held a job for more than 6 months

YES	NO
-----	----

5.2 Have you ever worked before

YES	NO
-----	----

5.3 What type of work have you done before

5.4 Are you skilled in any way

YES	NO
-----	----

5.5 If Yes, what kind of skill

5.6 If No, what skill would you like

6 Social Aspects

6.1 Do you experience the following

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Depression					
Boredom					
Frustration					

6.2 Do you have any physical or mental defect

YES	NO
-----	----

6.3 If yes what is the nature thereof

GENERAL COMMENTS

KINDLY ATTACH THE FOLLOWING DOCUMENTS:

1. PROOF OF INCOME/AFFIDAVIT
2. AFFIDAVIT THAT INFORMATION SUPPLIED IS CORRECT
3. COPY OF IDENTITY DOCUMENT FOR SPOUSE AND YOURSELF

NOTE:

IT IS YOUR DUTY TO INFORM THE ALBERT LUTHULI LOCAL MUNICIPALITY SHOULD YOUR CIRCUMSTANCES CHANGE.

YOU WILL BE DISQUALIFIED FOR THE SUBSIDY SHOULD YOU PAY AFTER THE DUE DATE.

I DECLARE THAT I HAVE READ THIS FORM AND THAT ALL THE PARTICULARS ARE TRUE AND CORRECT.

I AGREE THAT MY NAME BE SUBMITTED TO THE INFORMATION TRUST CORPORATION (CREDIT BUREAU).

.....

APPLICANT SIGNATURE

.....

DATE

.....

RECOMMENDED BY

.....

DATE

.....

APPROVED BY

.....

DATE

NOTE:

ANY PERSON WHO SUPPLIES FALSE INFORMATION WILL BE DISQUALIFIED FROM FURTHER PARTICIPATION IN THE SUBSIDY SCHEME AND WILL BE LIABLE FOR THE IMMEDIATE RE-PAYMENT OF ALL SUBSIDIES.

Cash Management and Investment Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

1. Introduction

- 1.1. As trustees of public funds, Councillors and officials have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible. The Council of the Municipality has the responsibility to invest public funds carefully and has to the community in this regard. A comprehensive set of cash management and investment policies is needed to accomplish this commitment. Proper policies and procedures will also improve internal operations that may reduce the Municipality's cash management risks.

2. Objectives

- 2.1. The objectives of these policies are:
 - 2.1.1. To ensure the effective, efficient and economical use of cash resources;
 - 2.1.2. To emphasize a culture of accountability over the Municipality's cash;
 - 2.1.3. To speed up inflow and slow down outflow of cash and keep cash secure at all times;
 - 2.1.4. To gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used; and
 - 2.1.5. To safeguard the Municipalities cost resources against theft or any fraudulent activities.

3. Scope of Application

- 3.1. These policies are established to guide officials on cash flow management. It should be applied in the treatment of all cash and cash equivalents that belong to Albert Luthuli Municipality (*the Municipality*).

4. Accountability

- 4.1. As Trustees of public funds, Councillors and officials have an obligation to ensure that cash resources are managed in the most efficient and cost effective manner possible.
- 4.2. Officials serving on the Investment Committee have a responsibility and are accountable to the community to exercise due care when investing public funds.

5. Legislative Framework

- 5.1. In terms of Section 13 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (*the MFMA*) a municipality may, subject to such framework as the Minister may determine by notice in the Gazette, from time to time, invest in the follow instruments or investments.
 - 5.1.1. Deposits in Registered banks.
 - 5.1.2. Security issued by national government.
 - 5.1.3. Public investment commissioners.
 - 5.1.4. Corporations for public deposits.

- 5.1.5.A municipality's own stock or similar type of debt.
 - 5.1.6.Internal Funds of a municipality which have been established in terms of a law to pool money available to the Municipality and to employ such money for the granting of loans or advances to departments within a municipality to finance capital expenditure.
 - 5.1.7.Banker's acceptance certificates or negotiable certificates of deposit banks.
 - 5.1.8.Long-term securities offered by insurance companies to meet redemption fund requirements.
 - 5.1.9.Other investments as the Minister may determine by notice in the Government Gazette.
 - 5.1.10. Any other instruments of investments in which a municipality was under a law permitted to invest before the commencement of the Local Government Transition Act Second Amendment Act, 1996, provided that such instruments shall not extend beyond the date of maturity or redemption thereof
- 5.2. A municipality must, within 30 days after an investment with a period of 12 months or longer has been made, publish in a local newspaper in circulation its area of jurisdiction full details of any investment so made.

6. Core Focus of Cash Management Programme

Adequate and effective cash management is one of the main functions of the Chief Financial Officer and delegates.

The core focus of the Council's Cash Management Program shall be as follows:

6.1. Budgeting

- 6.1.1.The Municipality shall keep a formal budgeting policy, approved by the Council;
- 6.1.2.Budgets shall be maintained in a manner prescribed by Chapter 4 of the Municipal Finance Management Act; and
- 6.1.3.Cash flow forecasts shall be credible and consistent with the integrated Development Plan and the annual budget.

6.2. Receivables

- 6.2.1.Sound cash management requires that certain policies and procedures be in place so as to minimize the cost of receivables. The cost includes the cost of carrying the receivables and the risk of failure to collect outstanding balances.
- 6.2.2.The Municipality shall keep an effective system to achieve the following:
 - 6.2.2.1. Keep an accurate updated record of receivables that can be monitored daily;
 - 6.2.2.2. Controlling revenue; and
 - 6.2.2.3. Collecting receivable timeously.
- 6.2.3.The Chief Financial Officer or delegate shall review the debt collection performance on a regular basis and ensure that the Municipality adheres to its Performance Management System.

6.3. Cash Collection

6.3.1. The Municipality shall maintain an effective system to ensure the following practices:

- 6.3.1.1. All monies due to Council must be collected as early as possible and banked daily where possible
- 6.3.1.2. Special deposits should be made for large receipts to ensure that they are banked on the date of receipt thereof.
- 6.3.1.3. It is essential for:
 - 6.3.1.3.1. all amounts owned to Council to be raised by way of a debit in the appropriate debtor system; and
 - 6.3.1.3.2. effective banking control systems to be introduced to ensure that moneys received by the Council are deposited timeously.
- 6.3.1.4. In addition to any other statutory analysis requirements, monthly reviews of debt collections must be performed by comparing current debt due to the Council in relation of total income , as compared to the position in previous month in order to ascertain whether the debt collection process is improving or deteriorating;
- 6.3.1.5. Any deterioration in the debt collection ratio must be dealt with in accordance with the Credit Control Policy of the Council and the required remedial action to rectify the position must be taken by the Council.
- 6.3.1.6. Cash is safeguarded and fraud prevented;
 - 6.3.1.6.1. The Municipality has at least one bank account in its name;
 - 6.3.1.6.2. New bank account are only open if required;
 - 6.3.1.6.3. All bank accounts held by the Municipality are accounted for in its accounting system;
 - 6.3.1.6.4. All payments received by the Municipality are paid into its bank account or accounts, and this is done promptly as prescribed by legislation; and
 - 6.3.1.6.5. The accounting records are monitored on a daily basis and can be reconciled to the accounting system at least on a monthly basis.

6.4. Payment of Creditors

6.4.1. Sound cash management requires that certain policies and procedures will manage the trade credit to ensure that the Municipality can maximize its cash balances at relatively low cost.

6.4.2. As creditors have an impact on working capital, the following matters must be borne in mind with regard to the adequate control over and the timing of payment of creditor accounts:

- 6.4.2.1. Cost factors are to be investigated in so far as it concerns the medium of payment, be it electronically or by cheque;
- 6.4.2.2. Adequate steps must be taken to avoid excessive bank charges and payments are to be limited to one payment per month per creditor as far as possible.
- 6.4.2.3. In the case of electronic transfers strict control measurements must be implemented to safeguard Council from any losses that may be incurred as a result of the use of this medium of payment;
- 6.4.2.4. When considering when to pay a creditor, consideration must be given to the terms of credit offered. When cash discount are offered on early settlement, the discount given and the time scale involved, would in most cases outweigh any

investment benefit that could be obtained by the temporary placement of funds in an investment.

- 6.4.2.5. In order to reduce bank charges, salaries and allowances should be paid whenever possible on a single date in a month and preferably electronically.
- 6.4.2.6. Creditors shall be paid in line with budget, cash flow forecasts and limits in terms of the delegation of authority.
- 6.4.2.7. Payment shall only be made for services and goods once delivery has taken place.
- 6.4.2.8. When Creditors are paid, the payment voucher must be clearly endorsed to this effect in order to avoid a duplicate payment.
- 6.4.2.9. Credit terms shall not just be accepted, but negotiated with suppliers on an ongoing basis, provided it is in terms of Section 65(2)(e) and Section 99(2)(b) of the Municipal Financial Management Act, 2003; and
- 6.4.2.10. The Chief Financial Officer or delegate shall first approve a new supplier's terms or changes to current suppliers' credit terms.

6.5. Inventory Management

6.5.1. Sound cash management requires that the Municipality should avoid over-capitalizing, while still ensuring efficient service delivery.

6.5.2. Cash Flow can be enhanced through an adequate system of inventory management.

6.5.3. The following practices shall apply with regard to inventory management:

- 6.5.3.1. Stock levels held in a stores system must be constantly reviewed;
- 6.5.3.2. Only essential levels of stock are to be maintained where supplies are readily available against annual supplies contracts from local suppliers;
- 6.5.3.3. Cognisance must be taken of the fact that stock held for any length of time is dead capital which has an appropriate cost associated with it;
- 6.5.3.4. Cognisance must be taken of the fact that stocks held in excess of requirements for long periods of time may become obsolete.
- 6.5.3.5. Obsolete stock must be disposed of annually to derive additional revenue;
- 6.5.3.6. Where possible, the Council ownership of stock must be clearly marked on such stock; and
- 6.5.3.7. Adequate control and documentation must be maintained over stock issues.

6.5.4. The Chief Financial Officer must on a yearly basis report to the Council on:

- 6.5.4.1. The turnover of the 20 highest value stock items accompanied by recommendations on how to improve the turnover rate of such stock items;
- 6.5.4.2. All surpluses and shortfalls in stock levels as well as reasons for such surpluses and shortfalls.

6.6. Cash Flow

6.6.1. Council, prior to effecting an investment, must ascertain whether surplus funds exist and the period for which funds may be invested.

6.6.2. A cash flow forecast is essential to determine the availability of potential investment funds.

6.6.3. In developing cash flow forecasts, Council must be aware of the expected cash inflows and when they are likely to occur, as well as the timing of the outflows in terms of the operating and capital estimates.

6.6.4. The Chief Financial Officer shall at least once in every six months report to the Council on the anticipated cash flow of the Council for the ensuing six months and any plans to finance any shortfall.

6.7. Asset Management

6.7.1. Assets shall only be acquired in conformity with proper budgeting practice, as mentioned under 'budgeting' in this document.

6.7.2. The Chief Financial Officer or delegate shall identify under-utilised assets and consider disposing them, subject to Section 14 of the Municipal Financial Management Act, 2003

6.8. Debt

The Municipality may only incur debt in terms of the Municipal Finance Management Act, 2003, chapter 6 and with the approval of the Council.

6.8.1. Short-term debt

The Municipality shall incur short-term debt only when necessary to bridge:

- 6.8.1.1. Unavoidable shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year, and
- 6.8.1.2. Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitment, provided that; the short-term debt is clearly indicated in the cash flow estimates.

The Municipality shall pay off short-term debt within a financial year and shall not refinance its short-term debt.

6.8.2. Long-term debt

The Municipality shall incur long-term debt only for the purpose of capital investment in property, plant or equipment, as approved in the Integrated Development Plan and annual budget and shall be used for the purpose of achieving the objects of the Municipality.

7. Investments

7.1. Investments Ethics

The following ethical principles shall apply when dealing with financial institutions and other interested parties:

7.1.1. The Municipal Manager and the Chief Financial Officer will be responsible for the investment of funds, and they have to steer clear of outside interference, regardless of whether such interference comes from individual Councillors, agents or any other institution;

- 7.1.1.1. Under no circumstances may inducements to invest be accepted;

- 7.1.1.2. Speculation with public funds shall not be allowed;
- 7.1.1.3. Interest rates quoted by one institution must not be disclosed to another institution; and
- 7.1.1.4. The business ethics of any controlling body of which the relevant financial institution is a member must be observed by such institution or body at all times.

7.2. Investments Principles

The following guiding principles are to be adhered to in order to facilitate the Administration of Council's investment portfolio. A risk management plan will give guidance.

7.2.1. Limit Exposure to a single Institution

- 7.2.1.1. Investment of funds, where this involves large amounts, should be distributed over more than one institution in order to limit Council's risk exposure.
- 7.2.1.2. The Municipality shall plan the distribution of its investments to cover different types of investments.

7.2.2. Risk and Return

- 7.2.2.1. As a general principle, it must be accepted that the greater the return the greater the risk.
- 7.2.2.2. The Chief Financial Officer or delegates are responsible for ensuring that the risk is the proposed investment is rated realistically.

7.2.3. Borrowings for Re-Investment

- 7.2.3.1. The Municipality shall only borrow money for reinvestment in exceptional cases.
- 7.2.3.2. Council should refrain from borrowing for the purpose of re-investment as this is tantamount to speculation with public funds.

7.2.4. Nominee Accounts

All moneys shall be invested directly with the relevant institutions. On no account may moneys be placed in a nominee account.

7.2.5. Registered Financial Institutions

The Chief Financial Officer or delegates shall ensure that a proposed financial institution is approved:

- 7.2.5.1. In terms of the Banks Act;
- 7.2.5.2. By the Reserve Bank;
- 7.2.5.3. In the latest list of approved financial institutions obtained from the Provincial Government; and
- 7.2.5.4. By a Council resolution.

7.2.6.Growth-Related Investment

When making investments, the Chief Financial Officer or delegates shall guarantee that at least the capital amount invested is safe, and shall exercise due diligence in this regard.

7.3. General Investment Practice

7.3.1.General

- 7.3.1.1. Should it be ascertained that surplus funds are available for investment, and then written quotations including faxed quotations should be obtained from financial institutions for various forms of investment terms and rates of interest.
- 7.3.1.2. The investment shall be placed with an institution offering the most favourable rate provided such investment is in accordance with the terms and condition of this policy.
- 7.3.1.3. Institutions should be advised that, in submitting quotations, they must offer their best rates of interest and that no further negotiation or discussion will be entered into with them after they have submitted their quotation.

7.3.2.Payment of Commission

- 7.3.2.1. The Auditor General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate shall state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.
- 7.3.2.2. The Chief Financial Officer or delegate shall ensure that any financial institution that held an investment for the Municipality at any time during a financial year, shall:
 - 7.3.2.2.1. Within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year; and
 - 7.3.2.2.2. Promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.

7.3.3.Cash at Bank

Where money is kept in current accounts, the Municipality shall, where possible, bargain for more beneficial rates with regards to deposits, for instances call deposits. Fixed term deposits can increase these rates.

7.3.4.Credit Worthiness

- 7.3.4.1. Prior to investing in smaller registered financial institutions, the Investment Committee must ensure that the Council is not over-exposed and should satisfy itself as to the credit-worthiness and previous track record of the institution before placing funds.

- 7.3.4.2. In order to reduce the risk in this regard, investments must only be made with financial Institutions registered in terms of relevant legislation with an office within the Council's area of jurisdiction.

8. Establishment of Investment Committee

- 8.1. The Council will establish an Investment Committee which, inter alia, will be responsible to advise the Council quarterly on the status of existing investments and provide proposals on new investments which are to be made.
- 8.2. The Committee will comprise the following:
- The Municipal Manager or his/her delegated nominee.
 - The Chief Financial Officer or his/her delegated nominee.
 - Sectional Head: Expenditure.
- 8.3. Any two members of the Committee shall form a quorum and the Committee will have authority to make decisions within the powers granted to the Committee by the Council.

9. Control Over Investments

- 9.1. An investment register shall be kept of all investments made. The following facts shall be indicated:
- 9.1.1. Name of institution;
 - 9.1.2. Capital investment;
 - 9.1.3. Date invested;
 - 9.1.4. Interest rate; and
 - 9.1.5. Maturation date.
- 9.2. The Sectional Head: Asset Management and Budget Control must retain all quotations received for record and audit purposes.
- 9.3. All investment certificates are to be kept in a securities file which shall be safeguarded in a fire proof safe.
- 9.4. In respect of grant funds, a separate file must be kept of the letter of grant and other pertinent information. Regular reports must be submitted to all grant agencies.
- 9.5. The Sectional Head: Asset Management and Budget Control must complete and will be responsible for the maintenance of an Investment Register complying with audit requirements.

10. Delegation of Authority

- 10.1. The Council may, in terms of Section of 59 of the Municipal Systems Act 2000, delegate any of its functions and responsibilities in respect of this policy to a Committee of the Council, the Investment Committee, the Municipal Manager and the Chief Financial Officer of the Council provided that such delegation will not absolve the person to whom

such a function or responsibility has been delegated from complying with any statutory reporting requirement of such reporting requirement as may be contained in this policy.

Funding and Reserves Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

1. Introduction

1.1. This policy of the Albert Luthuli Municipality has been developed to comply with –

- 1.1.1. Municipal Budget and Reporting Regulations, 2008 as published by National Treasury as Notice 393 in the Government Gazette No. 32141 on 17 April 2009;
- 1.1.2. Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (*the MFMA*) Funding Compliance Guideline as published by National Treasury on 10 March 2008; and
- 1.1.3. MFMA Circular No. 42 as issued by National Treasury on 30 March 2007.

1.2. This Funding and Reserves Policy will set out the assumptions and methodology for estimating –

- 1.2.1. projected billings, collections and all direct revenues;
- 1.2.2. the provision for revenue that will not be collected;
- 1.2.3. the funds the Municipality can expect to receive from investments;
- 1.2.4. the dividends the Municipality can expect to receive from Municipal entities;
- 1.2.5. the proceeds the Municipality can expect to receive from the transfer or disposal of assets;
- 1.2.6. the Municipality's borrowing requirements; and
- 1.2.7. the funds to be set aside in reserves.

1.3. When developing or amending this policy, the Municipal manager must ensure that the policy –

- 1.3.1. is consistent with the most recent actual billings and collection trends;
- 1.3.2. takes into account the credit rating of the Municipality, if available, the financial position of the Municipality, the cost of borrowing and the capacity to repay debt;
- 1.3.3. takes into account all the budget-related policies of the Municipality, particularly recent amendments to any of those policies;
- 1.3.4. takes account of any statutory requirements to set aside funds in reserves; and
- 1.3.5. takes account of the transfer and disposal of assets.

2. General Principles

2.1. The Albert Luthuli Municipality reaffirms its adherence to the MFMA.

2.1.1. The Municipality will ensure that its annual budget will only be funded from –

- 2.1.1.1. realistically anticipated revenues to be collected;
- 2.1.1.2. cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and

- 2.1.1.3. borrowed funds, but only for the capital budget referred to in Section 17(2) of the MFMA.

2.1.2. The Municipality will ensure that its revenue projections will be realistic taking into account

- 2.1.2.1. projected revenue for the current year based on collection levels to date; and
- 2.1.2.2. actual revenue collected in previous financial years.

2.1.3. The Municipality will only spend money on a capital project only if the sources of funding have been considered, are available and have not been committed for other purposes.

3. Measurement and Reporting

- 3.1. The Chief Financial Officer shall undertake the funding compliance review as contemplated in the MFMA Funding Compliance Guideline, and shall attach the duly completed Table A10 of the Guideline to the budget for presentation to the Council.
- 3.2. The budget presented to Council shall include the certification that, “in the opinion of the Chief Financial Officer, this budget meets the prescriptions of Sections 18 and 19 of the MFMA”.

4. Projected Billings, Collections and all Direct Revenues

- 4.1. The budget presented to Council shall reflect the full amounts that the Municipality is anticipated to bill, accrue or otherwise levy and also to include any other revenue directly received (e.g. bus fares and recreation facility admission fees) for the three-year MTEF budget period.
- 4.2. The amounts reflected in Section 4.1 above shall not include any provisions for doubtful and bad debts (i.e. amounts billed that are not expected to be collected).
- 4.3. A statement to the effect that “the number of consumer accounts has been reconciled with property records and metering information” should be included in the budget presented to Council.

5. Provision for Revenue that will not be collected

- 5.1. The budget presented to Council shall reflect the revenue that the Municipality expects to collect, which must include an estimate of the monies to be collected from the current year and a forecast of monies to be collected from the revenues of previous years (e.g. collections from debtors in arrears based on historical performance), for each year of the three-year MTEF budget period.
- 5.2. The monies identified in Section 5.1 above shall not include revenue from debtors that are not realistically likely to be collected, regardless of whether an adequate bad debt provision has been included under expenses.
- 5.3. If the budget anticipates an improvement in the collection rate, this must be supported by changes in policies and/or practices, and any such improved collection rate may only be budgeted for in the year after such change is first implemented.

- 5.4. Prior to the adoption of the budget, Council must have reviewed (within the previous six months) its policy for impairment of outstanding debtor accounts, and the Audit Committee must confirm that this policy has been implemented with regard to this budget.

6. Funds the Municipality can expect to receive from Investments

- 6.1. The budget presented to Council shall reflect the full value of the Municipality's investments recorded in terms of Section 17(3)(f) of the MFMA, together with any income expected to be derived from such investments.
- 6.2. This data presented in terms of Section 6.1 above should include audited actuals for the previous year, estimates for the current year, as well as projections for the three-year MTEF budget period.
- 6.3. Should the projections vary significantly from the actuals or estimates, detailed reasons must be provided to motivate such variances.

7. Dividends the Municipality can expect to receive from Municipal entities

- 7.1. Should, at any stage, the Albert Luthuli Municipality enter into a contract with a Municipal entity, it shall declare all dividends anticipated to be received from that entity for the three-year MTEF budget period.

8. Proceeds the Municipality can expect to receive from the Transfer or Disposal of Assets

- 8.1. The budget presented to Council shall reflect the full value of any assets that the Municipality intends to transfer or sell during the MTEF period of the budget, together with the income that is anticipated from their transfer or sale.
- 8.2. Unless specifically motivated otherwise in the budget, all such proceeds shall be credited to the Capital Development Fund of the Municipality.

9. Municipality's Borrowing Requirements

- 9.1. The Albert Luthuli Municipality does not envisage borrowing in the near future. Should circumstances change, the Council must adopt appropriate policies to regulate such borrowings before negotiations with respect to such borrowings are initiated.

10. Funds to be set aside in Reserves

- 10.1. With the exception of the Capital Development Fund, no Reserve may be established unless it required to reduce a defined risk which has been specifically identified under the Municipality's Risk Management program.
- 10.2. A minimum of 5% of the Municipality's combined capital and operational budgets shall be budgeted for transfer to the Capital Development Fund annually.

Long-term Financial Planning Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

1. General Policy Considerations

- 1.1. A Long-term Financial Plan is required to cover a minimum 15-year timeline in order to contextualise the Municipality's medium-term budget.
- 1.2. The first step in the formulation of the Long-term Financial Plan is the preparation of a set of **nation-wide planning indicators** which should include, at least, the following –
 - 1.2.1. changes in the national and global economic climate – to the extent that it impacts upon the Municipality;
 - 1.2.2. the role of national and provincial governments within the developmental state paradigm;
 - 1.2.3. current and anticipated levels of inflation, exchange rates and debt (governmental);
 - 1.2.4. changes in the size, nature and conditionality of national grants both for operating and capital expenditure;
 - 1.2.5. developments in financial planning (including the MFMA, GRAP and National Treasury procedural enhancements);
- 1.3. The second step in the formulation of the Long-term Financial Plan is the preparation of a set of **Municipal planning indicators** which should include, at least, the following –
 - 1.3.1. demographic trends such as age structure and the nature of the labour force;
 - 1.3.2. economic development within the Municipality and interactions with neighbouring Municipalities as well as at the national and international levels;
 - 1.3.3. reprioritisation in policy as the Municipality develops, both with regard to the nature of services to be provided (e.g. broadband infrastructure) as well as the levels of service delivery expected as ever higher quality becomes the norm;
 - 1.3.4. changes in payment levels that permit a sustainable budget and hence greater access to external resources (e.g. borrowing, etc);
 - 1.3.5. changes to the staff structure as well as skills balance within the Municipality; and
 - 1.3.6. any other material trends or projections that can be ascertained.
- 1.4. The third step in the formulation of the Long-term Financial Plan is the compilation of a **planning framework** which should provide the following –
 - 1.4.1. an outline of anticipated Municipal policy and priorities as they change over time;
 - 1.4.2. a realistic annual revenue projection based upon such outline;
 - 1.4.3. a realistic annual expenditure projection based upon such outline; and
 - 1.4.4. a proposed strategy to address any imbalances between anticipated revenue and expenditure.

2. Implementation

- 2.1. The process of developing such a Long-term Financial Plan is complex and time-consuming and requires a range of specialist skills.
- 2.2. Given the limited capacity of the Albert Luthuli Local Municipality, the Municipality will seek to co-operate with the Gert Sibande District Municipality in the development of both nation-wide and Municipal (district) planning indicators (as set out in Sections 1(2) and 1(3) above).
- 2.3. The Municipality will then develop a planning framework that will meet the needs of its Long-term Financial Plan in line with Section 1(4) above.
- 2.4. The Council should adopt this Long-term Financial Plan annually when the mayor tables the IDP process plan as well as the budget timetable before 31 August - ie 10 months before the start of the financial year.

Indigent Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

1. Introduction

1.1. The Albert Luthuli Municipality reaffirms its commitment to the national principles that should underpin indigent policy –

- 1.1.1. Everyone has inherent dignity and the right to have their dignity respected and protected. All process that involves the provision of services to citizens must be done in such a manner as to respect the entrenched rights and dignity of those citizens.
- 1.1.2. Municipalities must provide basic services to its indigent in a sustainable manner. It is not expected that a Municipality will provide Free Basic Services beyond its financial and other capacities.
- 1.1.3. Indigents must be afforded access to more than just the Free Basic Services package. It is widely acknowledged that the Free Basic Services package on its own will not see indigent communities standards of living improve. It is imperative that linkages be made between the Free Basic Services package and the broader package of social services.
- 1.1.4. In providing Free Basic Services to indigents, Municipalities must provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
- 1.1.5. Free Basic Services are targeted at the indigent. Therefore a Municipality can use any approach it chooses to provide Free Basic Services as long as it can ensure and demonstrate that the indigent are benefiting from Free Basic Services.
- 1.1.6. The Municipal indigent policy is not a stand alone policy which is independent from Municipalities' IDP's, its debt and credit control procedures, its Municipal by laws etc. Municipalities' indigent policies need to be developed to integrate with these strategic management plans and procedures so as to ensure that the Municipalities will be able to sustain their Free Basic Services programme.
- 1.1.7. Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This will entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that Municipalities should integrate their Free Basic Services delivery with structured poverty alleviation programmes.
- 1.1.8. Due to the varying circumstance and conditions within Municipalities it is recognised that Municipalities should exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.

1.2. This Indigent Policy will –

- 1.2.1. allow the Municipality to target the delivery of essential services to citizens who experience a lower quality of life;
- 1.2.2. identify how the indigent will be accessed;

- 1.2.3.establish the process that will be used to manage the indigent;
- 1.2.4.identify the process for tracking and assessing the service received by the indigent, as well as the real benefit that has resulted from the subsidies;
- 1.2.5.provide policy direction to the Municipality's IDP's and financial planning instruments;
- 1.2.6.establish the process to set targets (milestones) for the rollout of free basic services to the entire indigent population within the Municipal area; and
- 1.2.7.identify the linkages between the various poverty alleviation programmes that will result in the indigent moving away from the poverty trap.

2. Legislative Framework

- 2.1. This policy has been prepared in line with the Guidelines for the Implementation of the National Indigent Policy by Municipalities issued in 2005.
- 2.2. Legislation that directly impacts upon this policy include –
 - 2.2.1.Constitution of the Republic of South Africa
 - 2.2.2.Local Government Municipal Property Rates Act, 2004 (Act No 6 of 2004)
 - 2.2.3.Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)
 - 2.2.4.Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000)
 - 2.2.5.Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)
- 2.3. National policies and guidelines that directly impact upon this policy include –
 - 2.3.1.Guidelines for the Implementation of the National Indigent Policy
 - 2.3.2.Framework for a Municipal Indigent Policy
 - 2.3.3.Communications Handbook on Free Basic Services
 - 2.3.4.Study to determine progress with and challenges faced by Municipalities in the provision of Free Basic Services & supporting those Municipalities struggling with implementation

3. Free Basic Services

- 3.1. Only qualifying indigent households that have been registered by the Municipality in terms of this Indigent Policy may receive benefits under the Free Basic Services Policy.
- 3.2. The funding and financial management of this Indigent Policy and the Free Basic Services Policy is covered under the Credit and Debit Control Policy of the Municipality

4. Qualification

- 4.1. In order to qualify as an indigent household of Albert Luthuli, a household must meet all of the following requirements in order to be registered –
 - 4.1.1.have a total income less than or equal to the social state pension grant;
 - 4.1.2.must occupy a dwelling that receives Municipal services;
 - 4.1.3.neither the applicant or any other member of the household may not own fixed property other than the one in which they reside and for which application has been lodged, whether inside or outside the Municipality's area of jurisdiction; and

- 4.1.4. must comply with any other terms or conditions determined by the Council from time to time.
- 4.2. Where a household that does not have a Municipal account is in a remote rural community, these households may still apply and be registered as an indigent household, although benefits will be limited to access to free basic water delivered in water tankers.
- 4.3. Council reserves the right to review and revise the scheme conditions, criteria and benefits, as it deems necessary.
- 4.4. Notwithstanding anything else set out in this policy, Council reserves the right to reject applications or to deregister an indigent household, when such actions are taken by resolution.

5. Registration

- 5.1. Qualifying households may apply to register as indigent at any time during the financial year on the prescribed application form of the Council.
- 5.2. The person applying on behalf of a household must –
 - 5.2.1. be a South African citizen;
 - 5.2.2. not be younger than twenty one years of age, except if the child is appointed executorship by a court of law;
 - 5.2.3. must reside and be a full-time occupant at that property except in the case of a child headed household; and
 - 5.2.4. must be the owner or tenant who receives Municipal services and is registered as an account holder on the Municipal financial system.
- 5.3. In the case of a deceased estate, the surviving spouse or dependants of the deceased, who occupy the property may apply if they meet the all the above criteria except paragraph 5.2.4.
- 5.4. The Board of Trustees / Managing Agent / Chairperson of a Body Corporate of bodies corporate or retirement centres that accommodate households that would otherwise qualify as indigent, may apply to the Chief Financial Officer for registration in order to receive a pro-rata subsidy on Free Basic Services, although it is at the sole discretion of the Municipality as to whether such application is approved.
- 5.5. An application must be accompanied by –
 - 5.5.1. documentary proof of income such as a letter from the applicant's employer, salary advice, pension card, unemployment fund card, or an affidavit declaring unemployment or household income;
 - 5.5.2. details of any other grants or subsidies received by the applicant or any other member of the household must be supplied, although these will not be considered as income in terms of paragraph 4.1;
 - 5.5.3. the applicant's latest Municipal account;
 - 5.5.4. a certified copy of the applicant's identity document; and

- 5.5.5.the names and identity numbers of all occupants over the age of 18 years who are resident at the property
- 5.6. As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks.
- 5.7. As part of the application, the applicant must consent to receiving the service and agree to the terms and conditions specified by the Municipality.
- 5.8. An indigent household must re-apply annually before the end of April for the next financial year for registration as an indigent household, failing which any benefits will be withdrawn automatically from 1 July of the new financial year.
- 5.9. A reapplication must follow the same process and procedure set out above.
- 5.10. The Municipality does not guarantee the re-registration of indigent households.
- 5.11. A registered indigent household must be in possession of a letter of registration from the Municipality.
- 5.12. The Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form and to record any changes in circumstances and make recommendations on the continuation or discontinuation of the registration or any subsidy.

6. Deregistration

- 6.1. A registered indigent household must immediately request de-registration by the Municipality if the circumstances of the household have changed to the extent that the household no longer meets the qualification set out in paragraph 4.

7. Disqualification

- 7.1. An applicant who provides false information in an application form and/or any other documentation with the application –
- 7.1.1.shall automatically, without notice, have their household de-registered as an indigent household from the date on which the Municipality became aware that such information is false;
 - 7.1.2.shall be held liable for the payment of all services received in addition to any other legal actions the Municipality may take against such a customer;
 - 7.1.3.shall never in future be allowed to lodge an application for an indigent household, whatever the circumstances he/she may have to endure in future.
- 7.2. Households will be disqualified from the scheme if –
- 7.2.1.the application was filled in dishonestly;
 - 7.2.2.any audit indicates changes in the financial circumstances of the household that may impact upon their meeting the qualifying criteria.

8. Management

8.1. The Council and Municipal Manager must establish strategies that tackle each of the following four key issues –

- 8.1.1. actively encouraging all qualifying persons to register as indigents under this policy;
- 8.1.2. ensuring that all registered indigent households have physical access to the services (i.e. the infrastructure required must be in place);
- 8.1.3. ensuring that free basic services are provided in a reliable, appropriate and sustainable manner, and that the service is having the desired impact in improving the lives of the indigent;
- 8.1.4. ensuring that the subsidies offered are properly targeted towards the indigent and that those who can afford to pay do not get subsidised.
- 8.1.5. The Municipality must ensure that its IDP prioritises the provision of free basic services to all indigent households.

8.2. The Municipal Manager and senior managers must align their poverty alleviation programmes to meet the needs of indigent households, and support these households in their struggle to escape from the poverty trap in which they find themselves.

9. Communications

9.1.1. The Municipality should develop its communication strategy for the Indigent Programme in line with the Communications Handbook on Free Basic Services as issued by the DPLG in 2005.

9.1.2. The Municipal Manager is responsible for communicating with all the residents of the Municipality –

- 9.1.2.1. What is the Municipality trying to achieve with regards to the indigent policy;
- 9.1.2.2. How will the Municipality be going about implementing the indigent policy;
- 9.1.2.3. What is the value for indigent and non indigent households;
- 9.1.2.4. Who qualifies for the service and how the Municipality has determined this; and
- 9.1.2.5. How should qualifying household access the services.

10. Monitoring and Evaluation

10.1. The Municipal manager shall report on a monthly basis to the mayor or executive committee, as the case may be, for the month concerned and by Municipal ward –

- 10.1.1. the number of households registered as indigents and a brief explanation of any movements in such numbers;
- 10.1.2. the monetary value of the actual subsidies and rebates granted;
- 10.1.3. the budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.

- 10.2. The mayor or executive committee, as the case may be, shall submit the above reports on a quarterly basis to the council and to the Municipality's ward committees, or monthly frequently to any ward committees if so requested.
- 10.3. As far as to the extent resources permit, the Municipality should develop a strategy that ascertains whether –
- 10.3.1. the service is being offered at the appropriate service level, in view of the environment, financial aspects and the social habits of the community;
 - 10.3.2. the service is operating adequately;
 - 10.3.3. the community is making appropriate use of the service;
 - 10.3.4. the community requires any form of training to make better use of the service;
 - 10.3.5. the service is meeting the required needs of the community; and the service is beneficially impacting on poverty or the quality of life of the beneficiaries.

Free Basic Services Policy

Date approved : 6 April 2010

Operation date: 1 July 2010

1. Introduction

- 1.1. The Albert Luthuli Municipality reaffirms its commitment to the national principles that should underpin indigent policy –
 - 1.1.1. Everyone has inherent dignity and the right to have their dignity respected and protected. All process that involves the provision of services to citizens must be done in such a manner as to respect the entrenched rights and dignity of those citizens.
 - 1.1.2. Municipalities must provide basic services to its indigent in a sustainable manner. It is not expected that a municipality will provide Free Basic Services beyond its financial and other capacities.
 - 1.1.3. Indigents must be afforded access to more than just the Free Basic Services package. It is widely acknowledge that the Free Basic Services package on its own will not see indigent communities standards of living improve. It is imperative that linkages be made between the Free Basic Services package and the broader package of social services.
 - 1.1.4. In providing Free Basic Services to indigents, municipalities must provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
 - 1.1.5. Free Basic Services are targeted at the indigent. Therefore a municipality can use any approach it chooses to provide Free Basic Services as long as it can ensure and demonstrate that the indigent are benefiting from Free Basic Services.
 - 1.1.6. The municipal indigent policy is not a stand alone policy which is independent from municipalities' IDP's, its debt and credit control procedures, its municipal by laws etc. Municipalities' indigent policies need to be developed to integrate with these strategic management plans and procedures so as to ensure that the municipalities will be able to sustain their Free Basic Services programme.
 - 1.1.7. Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This will entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that municipalities should integrate their Free Basic Services delivery with structured poverty alleviation programmes.
 - 1.1.8. Due to the varying circumstance and conditions within municipalities it is recognised that municipalities should exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.
- 1.2. This Free Basic Services Policy will –
 - 1.2.1. *align to the municipality's poverty alleviation programme;*
 - 1.2.2. allow the municipality to target the delivery of essential services to citizens who experience a lower quality of life;
 - 1.2.3. define the services will be delivered;

- 1.2.4. define the level of each particular service will be provided to beneficiaries;
- 1.2.5. assist in establishing the resources allocated by a municipality to enable their indigent policy;

2. Legislative Framework

- 2.1. Legislation that directly impacts upon this policy include –
 - 2.1.1. Constitution of the Republic of South Africa
 - 2.1.2. Local Government Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
 - 2.1.3. Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
 - 2.1.4. Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
 - 2.1.5. Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)
 - 2.1.6. Water Services Act, 1997 (Act No. 108 of 1997)
- 2.2. National policies and guidelines that directly impact upon this policy include –
 - 2.2.1. Free Basic Water guidelines for local authorities
 - 2.2.2. Free Basic Water Implementation Strategy
 - 2.2.3. Communications Handbook on Free Basic Services
 - 2.2.4. Electricity Basic Services and Support Tariff (Free Basic Electricity) Policy
 - 2.2.5. Study to determine progress with and challenges faced by municipalities in the provision of Free Basic Services & supporting those municipalities struggling with implementation

3. Free Basic Services

- 3.1. Only qualifying indigent households that have been registered by the Municipality in terms of its Indigent Policy may receive benefits under the Free Basic Services Policy.
- 3.2. *The provision of free basic services is based on the expected Equitable Share to be paid to the Council by National Treasury annually. The annual adjustment to these benefits is subjected to the increase in the Equitable Share.*
- 3.3. The Municipal Council will annually, as part of its budgetary process, determine the municipal services and levels thereof that will be subsidised in respect of indigent customers in accordance with national policy, subject to the principles of sustainability and affordability. This may necessitate a review of the free basic services outlined in this policy
- 3.4. The Municipal Council shall, in the determination of municipal services that will be subsidised for indigents, give preference to subsidising at least the following services:
 - 3.4.1. water supply;
 - 3.4.2. electricity supply;
 - 3.4.3. water and electricity basic charges;

- 3.4.4. sanitation services;
- 3.4.5. refuse removal services;
- 3.4.6. assessment rates;
- 3.4.7. services to customers billed with a “flat rate” where consumption is not metered; and
- 3.4.8. suspension of arrears payments

3.5. *When resources permit, the Municipal Council should give consideration to the provision of additional benefits, including –*

- 3.5.1. *child-headed households to be linked to social, economic and educational services; and*
- 3.5.2. *burial or cremation benefits*

4. Electricity Supply

- 4.1. The Municipality will supply 50 (fifty) kWh per month per household to registered indigents will be provided free of charge.
- 4.2. Should an indigent household use less than the allowance as set out in section 4.1 above, the balance cannot be carried forward to a following month, nor will any refund be made.
- 4.3. Electricity usage in excess of the allowance as set out in section 4.1 above must be purchased at the applicable electricity tariff.
- 4.4. Indigent households which exceed free basic services and are in arrears for the payment thereof, may be restricted in respect of electricity.
- 4.5. *The electricity supply may be limited by the municipality to a maximum of 20 amperes and the prepaid dispensers at each home will be set accordingly.*
- 4.6. *The necessary activating number to the value of 50 kWh will be obtained from a municipal pay-point on monthly basis.*
- 4.7. *Upon the discovery and confirmation of any tampering to electricity supply equipment or electricity theft, the indigent household will be deregistered as per the Indigent Policy.*

5. Water Supply

- 5.1. The Municipality will supply 6 (six) kilolitres per month per household to registered indigents will be provided free of charge.

- 5.2. Should an indigent household use less than the allowance as set out in section 5.1 above, the balance cannot be carried forward to a following month, nor will any refund be made.
- 5.3. Water usage in excess of the allowance as set out in section 5.1 above must be purchased at the applicable water tariff.
- 5.4. Indigent households which exceed free basic services and are in arrears for the payment thereof, may be restricted in respect of water.
- 5.5. *The water supply may be restricted by the municipality. Where practical, a restriction of 15 kilolitres per month shall be applicable to registered indigents. Where a restriction of 15 kilolitres per month is exceeded repeatedly for a period exceeding three consecutive months in a calendar year a restricted metered service be installed to limit water consumption to more affordable levels.*
- 5.6. *Upon the discovery and confirmation of any tampering to water supply equipment or water theft, the indigent household will be deregistered as per the Indigent Policy.*

6. Water and Electricity Basic Charges

- 6.1. The Municipality will offer a 50% rebate on Water and Electricity basic charges, where applicable, in line with the approved tariffs of Council from time to time.

7. Sanitation Services

- 7.1. The Municipality will offer a 50% rebate on the cost of Sanitation Services as per the approved tariff of Council from time to time.

8. Refuse Removal Services

- 8.1. The Municipality will offer a 50% rebate on the cost of Refuse Removal Services to a maximum of one removal per household per week as per the approved tariffs of Council from time to time.

9. Assessment Rates

- 9.1. The Municipality will offer a 90% rebate on the assessed rates with a maximum property value threshold the Council will determine as part of the budgetary process annually.

10. Services to Customers billed with a “flat rate” where consumption is not metered.

- 10.1. The Municipality will offer a 50% rebate on services to customers billed with a “flat rate” where consumption is not metered.

11. Suspension of Arrears Payments

- 11.1. Arrears accumulated in respect of the municipal accounts of customers prior to their first registration as indigent customers, will be suspended and interest shall not accumulate on such arrears for the period that a customer remains registered as an indigent customer.
- 11.2. Arrears suspended in terms of Section 11.1 shall become due and payable by the customer by de-registration in terms of the Indigent Policy.

In special individual cases, a report can be submitted to the Mayoral Committee to decide if Section 11.2 should be implemented or not.

Budget Policy

Date approved : 6 April 2010

Operation date: 1 July 2010

1. INTRODUCTION

Section 16 of the Municipal Finance Management Act, requires a municipality to approve an annual budget for the Municipality before the commencement of each Financial Year.

This Policy has been developed in line with this legislative background.

The Budget plays a critical role in an attempt to realize diverse community needs.

Central to this, the formulation of a Municipality Budget must take into account the national government's macro-economic, fiscal policies within its policy framework.

2. DEFINITIONS

"allocation", means –

- (a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"approved budget," means an annual budget –

- (a) approved by a municipal council, and
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

“basic municipal service” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

“budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality, including –

- Tariffs Policy
- Rates Policy
- Credit Control and Debt Collection Policy
- Cash Management and Investment Policy
- Borrowing Policy
- Funding and Reserves Policy
- Supply Chain Management Policy
- Indigents Policy

as well as

- Indigents Policy
- policy(ies) related to Long-term Financial Planning
- policy(ies) dealing with the management and disposal of assets
- policy(ies) dealing with infrastructure investment and capital projects
- policy(ies) related to the provision of free basic services
- policy(ies) related to budget implementation and monitoring
- policy(ies) related to managing electricity and water
- policy(ies) relating to personnel
- policy(ies) dealing with municipal entities

“budget transfer” means transfer of funding within a function / vote;

“budget year” means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

“Chief Financial Officer” means a person designated in terms of section 80(2) (a) of the MFMA;

“councillor” means a member of a municipal council;

“creditor”, means a person to whom money is owed by the municipality;

“current year” means the financial year, which has already commenced, but not yet ended;

“delegation”, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

“financial recovery plan” means a plan prepared in terms of section 141 of the MFMA;

“financial statements”, means statements consisting of at least –

- (a) a statement of financial position;

- (b) a statement of financial performance;
- (c) a cash-flow statement;
- (d) any other statements that may be prescribed; and
- (e) any notes to these statements;

“financial year” means a twelve months period commencing on 1 July and ending on 30 June each year;

“fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“irregular expenditure”, means –

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”;

“investment”, in relation to funds of a municipality, means –

- (a) the placing on deposit of funds of a municipality with a financial institution; or
- (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

“local community” has the meaning assigned to it in section 1 of the Municipal Systems Act;

“Executive Mayor” means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

“municipal council” or **“Council”** means the council of a municipality referred to in section 18 of the Municipal Structures Act;

“municipal entity” has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

“Municipal Finance Management Act” means the Local Government: Municipal Structures Act, 2004 (Act No. 56 of 2004);

“Municipal Manager” means the Accounting Officer as appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

“Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

“municipality” –

- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

“municipal service” has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

“municipal tax” means property rates or other taxes, levies or duties that a municipality may impose;

“National Treasury” means the National Treasury established by section 5 of the Public Finance Management Act;

“official”, means –

- (a) an employee of a municipality or municipal entity;
- (b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- (c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

“overspending” –

- (a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

“past financial year” means the financial year preceding the current year;

“quarter” means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

“service delivery and budget implementation plan” means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate

- (a) projections for each month of –
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

“unauthorised expenditure”, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes –

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with the MFMA;

“virement” means transfer of funds between functions / votes; and

“vote” means –

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; or
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

3. ABBREVIATIONS USED

CPIX =	Consumer Price Index excluding interest rates on mortgage bonds
CDF =	Capital Development Fund
IDP =	Integrated Development Plan
MFMA =	Municipal Management Finance Act
MIG =	Municipal Infrastructure Grant
MSIG =	Municipal Systems Improvement Grant
MTREF =	Medium-Term Revenue and Expenditure Framework
SDBIP =	Delivery and Budget Implementation Plan

4. OBJECTIVE

The objective of the budget policy is to set out –

- 4.1. The principles which the Municipality will follow in preparing each Medium Term Revenue and Expenditure Framework budget.
- 4.2. The responsibilities of the Executive Mayor, the Accounting Officer, the Chief Financial Officer and other Senior Managers in compiling the Budget.
- 4.3. To establish and maintain procedures to ensure adherence to the Municipality's IDP Review and Budget Process.

- 4.4. To ensure that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
- 4.5. The policy shall apply to all the relevant parties within the Municipality that are involved throughout the budget process.

5. BUDGETING PRINCIPLES

- 5.1. The municipality shall not budget for a deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels.
- 5.2. The Municipality shall prepare three-year Budget (medium term revenue and expenditure framework) which shall be reviewed annually and approved by the Council.
- 5.3. The MTREF Budget must at all times be within the framework of the Municipal Integrated Development Plan, and the Budget and IDP review process should run concurrently.
- 5.4. Expenses may only be incurred in terms of the approved Annual Budget (or Adjustment Budget) and within the limits of the amounts appropriated for each vote in the approved Budget.
- 5.5. The Annual Budget will only be funded from realistic anticipated revenues to be collected, cash-backed accumulated funds not committed for other purposes and borrowed funds.

6. BUDGET PREPARATION PROCESS

6.1. Formulation of the budget

- 6.1.1. The Accounting Officer with the assistance of the Chief Financial Officer and the Director of the Department of Planning and Economic Development shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- 6.1.2. The Executive Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year). The budget timetable shall contain deadlines for –
 - 6.1.2.1. a) the annual review of the IDP
 - 6.1.2.2. b) the review of budget related policies
 - 6.1.2.3. c) the preparation, tabling and approval of the annual budget

- 6.1.2.4. d) the consultative processes forming part of the budget process.
- 6.1.3. IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- 6.1.4. The Chief Financial Officer, and after consultation with the Portfolio Councillor of Finance set the reasonable growth level of the operational budget based on the current financial performance and the prevailing industry growth levels (i.e. CPIX). After the income has been determined, an acceptable growth level for the operating expenditure (including salary increases) is estimated.
- 6.1.5. In September of each year, the Chief Financial Officer shall prepare a Budget Strategy which shall contain the principles, objectives and strategies that will apply during the forthcoming budget preparation process. Such Budget Strategy shall take cognisance of the directives, guidelines and economic factors prevailing at the time or circulated by National and Provincial Government. The Budget Strategy shall give general direction to the budget process and also indicate affordable budget growth and envisaged tariff increases as the base line of the budget process
- 6.1.6. Thereafter, the Executive Mayor shall convene a strategic workshop with the mayoral committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.
- 6.1.7. Before the end of October of each year, the Executive Mayor shall table the Budget Strategy and IDP Priorities together with an outline draft budget to Council.
- 6.1.8. The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- 6.1.9. 1.2.7 The budget tabled to Council for approval shall include the following supporting documents –
- 6.1.10. The budget must be in the format prescribed by National Treasury and must be divided into a capital and an operating budget.
- 6.1.11. The budget must be balanced and reflect the realistically anticipated revenues by major revenue source for the budget year concerned.
- 6.1.12. The expenses reflected in the budget must be divided into different categories (for operating budget) and different capital projects or services (for capital budget).

- 6.1.13. The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.
- 6.1.14. The budget shall include the following supporting documents –
- 6.1.14.1. draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
 - 6.1.14.2. draft resolutions (where applicable) amending the IDP and the budget-related policies;
 - 6.1.14.3. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
 - 6.1.14.4. the projected cash flows for the financial year by revenue sources and expenditure votes broken down per month;
 - 6.1.14.5. any proposed amendments to the IDP;
 - 6.1.14.6. any proposed amendments to the budget-related policies;
 - 6.1.14.7. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the Municipal Manager, the chief financial officer, and other senior managers employed in terms of Section 57 of the Municipal Systems Act;
 - 6.1.14.8. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions etc;
 - 6.1.14.9. particulars of the municipality's investments; and
 - 6.1.14.10. various information in regard to municipal entities (if any) under the shared or sole control of the municipality.
- 6.1.15. The Executive Mayor shall table the draft IDP, MTREF budget and supporting documents to Council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.

6.2. Public participation process

- 6.2.1. Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and invite the local community to submit representations in regard to such budget. The public participation process must be a formal process and must ensure adequate consultation as contemplated in the MFMA.
- 6.2.2. After considering all budget submissions, the Council must give the Executive Mayor an opportunity to respond to the submissions; and if necessary, to revise the budget and table amendments for consideration by the Council.

6.3. Approval of the budget

- 6.3.1. Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- 6.3.2. The council resolution, must contain budget policies and performance measures be adopted (as per section 17 of the MFMA).
- 6.3.3. Should the municipality fail to approve the budget before the start of the budget year, the Executive Mayor must inform the MEC for Finance that the budget has not been approved.

6.4. Publication of the budget

- 6.4.1. The Municipal Manager must within 14 days after approval of the budget submit the approved budget and supporting documentation in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.
- 6.4.2. The Municipal Manager must publish the approved budget on the municipal website.

6.5. Service Delivery and Budget Implementation Plan (SDBIP)

- 6.5.1. The Executive Mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- 6.5.2. The SDBIP shall include the following components –
 - 6.5.2.1. monthly projections of revenue to be collected for each source;
 - 6.5.2.2. monthly projections of expenditure (operating and capital) and revenue for each vote;
 - 6.5.2.3. quarterly projections of service delivery targets and performance indicators for each vote;
 - 6.5.2.4. ward information for expenditure and service delivery; and
 - 6.5.2.5. detailed capital works plan broken down by ward over three years.

7. CAPITAL BUDGET

7.1. Capital Budget Preparation

- 7.1.1. Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and its value exceeds R10 000 and has a useful life in excess of one year.
- 7.1.2. Vehicle replacement shall be done in terms of Council's vehicle replacement policy. The budget for vehicles shall distinguish between replacement and new vehicles. No globular amounts shall be budgeted for vehicle acquisition.
- 7.1.3. Except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year, the annual capital budget shall be prepared using a zero-based approach.
- 7.1.4. A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- 7.1.5. Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.
- 7.1.6. Excess budget available on capital projects may not be used for purposes other than what the expenditure was initially intended for.

7.2. Capital Budget Funding

- 7.2.1. The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- 7.2.2. Before approving a capital project, the Council must consider –
 - 7.2.2.1. the projected cost of the project over all the ensuing financial years until the project becomes operational; and
 - 7.2.2.2. any future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- 7.2.3. Before approving the capital budget, the council shall consider –
 - 7.2.3.1. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - 7.2.3.2. depreciation of fixed assets,
 - 7.2.3.3. maintenance of fixed assets, and

- 7.2.3.4. any other ordinary operational expenses associated with any item on such capital budget.

7.2.4. The capital expenditure shall be funded from the following sources –

Internal sources

- 7.2.4.1. If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
- 7.2.4.2. If the project is to be financed from surplus or from the Capital Development Fund there must be sufficient cash available at time of execution of the project.

External loans

- 7.2.4.3. External loans can be raised only if it is linked to the financing of an asset;
- 7.2.4.4. A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
- 7.2.4.5. The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- 7.2.4.6. Interest payable on external loans shall be included as a cost in the revenue budget;
- 7.2.4.7. Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

External sources

- 7.2.4.8. Grants and subsidies as allocated in the annual Division of Revenue of Act;
 - 7.2.4.9. Grants and subsidies as allocated by Provincial government;
 - 7.2.4.10. Private Contributions;
 - 7.2.4.11. Contributions from the Capital Development Fund (developer's contributions) and,
 - 7.2.4.12. Any other financing source secured by the municipality.
- 7.2.5. Borrowing is only permitted to fund capital investment in property, plant and equipment, but assets deemed essential to the maintenance of public health and safety or that may compromise the ability to deliver certain essential services may not be pledged as security for such borrowings.

7.3. Capital Replacement Reserve

- 7.3.1. Council may establish a Capital Development Fund as a capital replacement reserve for the purpose of financing capital projects and the acquisition of assets.

- 7.3.2. The Capital Development Fund may be funded from the following sources of revenue –
 - 7.3.2.1. unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
 - 7.3.2.2. interest on the investments of the Capital Development Fund, appropriated in terms of the investments policy;
 - 7.3.2.3. additional amounts appropriated as contributions in each annual or adjustments budget;
 - 7.3.2.4. sale of land and profit or loss on the sale of assets; and
 - 7.3.2.5. proceeds from royalties and the exploration of minerals.
- 7.3.3. Before any asset can be financed from the Capital Development Fund the financing must be available within the reserve and available as cash as this fund must be cash-backed.
- 7.3.4. If there is insufficient cash available to fund the Capital Development Fund this reserve fund must then be adjusted to equal the available cash.
- 7.3.5. Transfers to the Capital Development Fund must be budgeted for in the cash budget.

7.4. Grant Funding

- 7.4.1. Capital expenditure funded by grants must be budgeted for in the capital budget;
- 7.4.2. Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.
- 7.4.3. Grant funding does not need to be cash-backed but cash must be secured before spending can take place.

8. OPERATING BUDGET

- 8.1. The municipality shall budget in each annual and adjustments budget for the contribution to:
 - 8.1.1. provision for accrued leave entitlements equal to 100% of the accrued leave;
 - 8.1.2. entitlement of officials as at 30 June of each financial year;
 - 8.1.3. provision for bad debts in accordance with its rates and tariffs policies;
 - 8.1.4. provision for the obsolescence and deterioration of stock in accordance with its Supply Chain Management Policy;
 - 8.1.5. depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;

- 8.1.6. at least 8% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance;
 - 8.1.7. the budget for salaries, allowances and salaries-related benefits shall not exceed 45% of the aggregate operating budget component of each annual and adjustments budget (for purposes of this item, the remuneration of political office bearers and other councillors shall be excluded from this limit); and
 - 8.1.8. at least 0.15% of the operating budget component of each annual budget shall be set aside for skills development.
- 8.2. When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- 8.3. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- 8.4. The operating budget shall reflect the impact of the capital component on –
- 8.4.1. depreciation charges;
 - 8.4.2. repairs and maintenance expenses;
 - 8.4.3. interest payable on external borrowings; and
 - 8.4.4. other operating expenses.
- 8.5. The chief financial officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.
- 8.6. Operating expenditure funded from grants must be budgeted for as part of the revenue budget.
- 8.7. A zero-based approach shall be used in preparing the annual operating budget, except in cases where a contractual commitment has been made that would span over more than one financial year, in which case the zero based method will be followed.
- 8.8. The operational budget may be financed only from –
- 8.8.1. realistically expected revenues, based on current and previous collection levels; and
 - 8.8.2. cash-backed funds available from previous surpluses where such funds are not required for other purposes.

9. UNSPENT FUNDS / ROLL-OVER OF BUDGET

- 9.1. The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.
- 9.2. Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.
- 9.3. Conditions of the grant fund shall be taken into account in applying for such roll over of funds.
- 9.4. Application for roll over of funds shall be forwarded to the budget office by the 15th of April each year for inclusion in following year's budget for adoption by Council in May of that year.
- 9.5. Adjustments to the rolled over budget shall be done during the 1st budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- 9.6. No funding for projects funded from the Capital Development Fund shall be rolled over to the next budget year except in cases where a commitment has been made 90 days (30 March each year) prior the end of that particular financial year.
- 9.7. No unspent operating budget shall be rolled over to the next budget year.

10. BUDGET TRANSFERS AND VIREMENTS

- 10.1. No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer in consultation with the Director Corporate Services.
- 10.2. The budget for personnel expenditure may not be increased without prior approval of the Chief Financial Officer.
- 10.3. Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of council.

- 10.4. The amount of a saving under a main expenditure category of a vote that may be transferred to another main expenditure category may not exceed ten per cent of the amount appropriated under that main expenditure category.
- 10.5. Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure, except in the cases of grants whose conditions permit such a transfer.
- 10.6. Budget transfers or virements with respect to capital projects may only be undertaken in accordance with section 31 of the MFMA.
- 10.7. Directors may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance, etc.) within a vote which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same vote, after obtaining approval of the Chief Financial Officer or such senior delegated official in the Budget & Treasury Department.
- 10.8. Budget transfers within the same vote shall be recommended by the Director responsible for that vote and approved by the Chief Financial Officer or such other senior delegated official in the Department of Finance.
- 10.9. The Municipal Manager must report to the Executive Mayor on a monthly basis on all virements that have been approved during the preceding month, and to the Executive Mayoral Committee on all virements of funds between votes (directorates) that have been approved during the preceding month.
- 10.10. Virements between votes shall be included in the adjustment budget.
- 10.11. In the case of emergency or any other exceptional circumstances virements shall be submitted by the Municipal Manager to the Executive Mayor to authorize any possible unforeseeable or unavoidable expenditure for which no provision was made in an approved budget.
- 10.12. The Executive Mayor must report such expenditure to the Council at its next meeting which should not be departed more than 60 (sixty) days from approval of expenditure.

11. ADJUSTMENTS BUDGET

- 11.1. Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.
- 11.2. The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the Executive Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Executive Mayor on the revision of the IDP and the budget-related policies where these are indicated.
- 11.3. Council may revise its annual budget by means of an adjustments budget at most three times a year or a regulated.
- 11.4. The Municipal Manager must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- 11.5. The Municipal Manager shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.
- 11.6. The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
- 11.7. The Council should also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- 11.8. Only the Executive Mayor shall table an adjustments budget.
- 11.9. Adjustments budget shall be tabled at most three times a year after the end of each quarter and be submitted to Council in the following months –
 - 11.9.1. In October – to adjust funding rolled over from the previous financial year as well as to include additional funding that has become available from external sources;
 - 11.9.2. In February – to take into account recommendations from the mid-year budget and performance report tabled to Council in January that affect the annual budget;
 - 11.9.3. In May – to adjust current year’s budget in cases where there is a indication that there will be rolling over of funding to the next financial year.

OR

- 11.10. Adjustment Budgets shall be done once per year and only during December of each year and be submitted to Council before 25 January of each year.
- 11.11. An adjustments budget must contain all of the following –
- 11.11.1. an explanation of how the adjustments affect the approved annual budget;
 - 11.11.2. appropriate motivations for material adjustments; and
 - 11.11.3. an explanation of the impact of any increased spending on the current and future annual budgets.
- 11.12. Any unappropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's Capital Development Fund .
- 11.13. Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- 11.14. Unauthorised expenses may be authorised in an adjustments budget.
- 11.15. In regard to unforeseen and unavoidable expenditure, the following apply –
- 11.15.1. the Executive Mayor may authorise such expenses in an emergency or other exceptional circumstances;
 - 11.15.2. the municipality may not exceed 3 % of the approved annual budget in respect of such unforeseen and unavoidable expenses;
 - 11.15.3. these expenses must be reported by the Executive Mayor to the next Council meeting;
 - 11.15.4. the expenses must be appropriated in an adjustments budget; and
 - 11.15.5. Council must pass the adjustments budget within sixty days after the expenses were incurred.

12. BUDGET IMPLEMENTATION

12.1. Monitoring

- 12.1.1. The Municipal Manager with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that –
- 12.1.1.1. funds are spent in accordance with the budget;
 - 12.1.1.2. expenses are reduced if expected revenues are less than projected; and
 - 12.1.1.3. revenues and expenses are properly monitored.

12.1.2. The Municipal Manager with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive Mayor for consideration and tabling to Council.

12.1.3. The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

12.2. Reporting

Monthly budget statements

12.2.1. The Municipal Manager with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Executive Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date. This report must reflect the following –

- 12.2.1.1. actual revenues per source, compared with budgeted revenues;
- 12.2.1.2. actual expenses per vote, compared with budgeted expenses;
- 12.2.1.3. actual capital expenditure per vote, compared with budgeted expenses;
- 12.2.1.4. actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- 12.2.1.5. the amount of allocations received, compared with the budgeted amount;
- 12.2.1.6. actual expenses against allocations, but excluding expenses in respect of the equitable share;
- 12.2.1.7. explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- 12.2.1.8. the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
- 12.2.1.9. projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

12.2.2. The report to the National Treasury must be both in electronic format and in a signed written document.

Quarterly Reports

- 12.2.3. The Executive Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

Mid-year budget and performance assessment

- 12.2.4. The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.

- 12.2.5. The Municipal Manager must then submit a report on such assessment to the Executive Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

- 12.2.6. The Municipal Manager may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

Website Publishing

- 12.2.7. The Director Corporate Services must place on the municipality's official website the following –

- 12.2.7.1. the annual and adjustments budgets and all budget-related documents;
- 12.2.7.2. all budget-related policies;
- 12.2.7.3. the integrated development plan;
- 12.2.7.4. the annual report;
- 12.2.7.5. all performance agreements;
- 12.2.7.6. all service delivery agreements;
- 12.2.7.7. all long-term borrowing contracts; and
- 12.2.7.8. all quarterly and mid-year reports submitted the Council on the implementation of the budget and the financial state of affairs of the municipality.

Other Reports

- 12.2.8. The Chief Financial Officer must ensure that the financial information which is required for the following annual, six-monthly, quarterly and monthly reports is provided within the required deadlines –

Annual Reports

- 12.2.8.1. Asset Management
- 12.2.8.2. Budget Evaluation Checklist
- 12.2.8.3. Financial Position
- 12.2.8.4. Financial Position Audited
- 12.2.8.5. Capital Acquisition
- 12.2.8.6. Capital Acquisition Audited
- 12.2.8.7. Cash Flow Budget
- 12.2.8.8. Grants and Subsidies Given
- 12.2.8.9. Grants and Subsidies Received
- 12.2.8.10. Financial Performance Audited
- 12.2.8.11. Financial Performance Budget
- 12.2.8.12. IDP to Budget
- 12.2.8.13. Mid-year budget and performance assessment
- 12.2.8.14. Annual Budget

Six-Monthly Reports

- 12.2.8.15. Mid-year Budget and Performance Assessment (Section 72 MFMA)

Quarterly Reports

- 12.2.8.16. Borrow Monitoring
- 12.2.8.17. Corporate Entity
- 12.2.8.18. Long Term Contracts
- 12.2.8.19. MFMA 12 Urgent Priorities
- 12.2.8.20. Public-Private Partnerships
- 12.2.8.21. Equitable Share
- 12.2.8.22. Withdrawals from Municipal Bank Accounts
- 12.2.8.23. Environment and Health – Allocations and Expenditure
- 12.2.8.24. Budget Review (Section 52 MFMA)

Monthly Reports

- 12.2.8.25. Aged Creditors
- 12.2.8.26. Aged Debtors
- 12.2.8.27. Capital Acquisitions Actual
- 12.2.8.28. Cash Flow Actuals
- 12.2.8.29. Finance Management Grant
- 12.2.8.30. Financial Performance Actuals
- 12.2.8.31. Restructuring Grant
- 12.2.8.32. Municipal Infrastructure Grant
- 12.2.8.33. MSIG – Project Consolidate
- 12.2.8.34. Budget Statement (Section 71 MFMA)
- 12.2.8.35. Supply Chain Management Awards

Water and Electricity Management Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

1. Introduction

- 1.1. This Water and Electricity Management Policy has been developed to meet legislative requirements.
- 1.2. The Municipality will use this Policy to direct the development of appropriate strategies that can then be implemented as and when resources are available.

2. Legislative Framework

- 2.1. The Municipal Budget and Reporting Regulations, 2008 were published by National Treasury as Notice 393 in the Government Gazette No. 32141 on 17 April 2009. Regulation 7(1) states that –

The municipal manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies¹ of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of Section 21 (1)(b) of the Act.

Footnote 1 to this regulation lists a number of required policies including -

- (n) any policies related to managing electricity and water including –
- (i) a policy related to the management of losses; and
 - (ii) a policy to promote conservation and efficiency;

This Policy of the Municipality has been developed to comply with the above requirement.

3. Objectives

- 3.1. In 2004, the then Department of Water Affairs and Forestry issued the Guidelines for Water Conservation and Water Demand Management in Water Management Areas and in the Water Services Sector as part of its Integrated Water Resources Management Strategy.
- 3.2. In June 2009, the then Department of Minerals and Energy issued the National Energy Efficiency Strategy, which was reviewed and updated in October 2008. However, this strategy does not provide any guidance to Municipalities.
- 3.3. The objectives of this Policy of the Municipality are to adhere to the above water guideline and to follow best-practice policies with regard to electricity management. The timing of the implementation may be affected by practical considerations as well the extent of resources that are available.

4. Water losses

- 4.1. Minimising water loss will be achieved through an effective distribution management strategy that will incorporate the following elements:
 - 4.1.1.A system of flow measurement throughout the bulk distribution system that allows regular measurements to be monitored, thereby allowing for timeous identification of losses;
 - 4.1.2.An effective management system that optimizes flow rates and pressures, monitors water quality and is able to identify and rectify problems appropriately;
 - 4.1.3.A proactive maintenance program that reduces the probability of leaks occurring in the first place;
 - 4.1.4.A suitably resourced maintenance unit that can ensure that leaks or blockages are repaired without undue delays – either through internal capacity or through competent contractors;
 - 4.1.5.An effective asset management program that ensures that the installed infrastructure is designed to meet present and future needs, that plans are developed timeously for refurbishments and/or replacements, and that suitable training is provided to operators; and
 - 4.1.6.An appropriate rationing system that, in the case of severe drought or other inflow impediment, ensures that supplies to emergency services are not affected, ensures that a basic service is provided to all, yet is still able to ration supply as required.

5. Water conservation and efficiency

- 5.1.1.Maximising water conservation and efficiency will be achieved through influencing consumer demand, controlling return flows and social awareness strategies that will incorporate the following elements:

5.1.1.1. Consumer Demand Management

- 5.1.1.1.1. Water efficient appliances should be promoted through LED programs that will encourage their local manufacture, installation, wholesaling and retailing;
- 5.1.1.1.2. Municipal building regulations should be updated to incorporate best practice in terms of water usage efficiency, especially in commercial and public buildings; and
- 5.1.1.1.3. Water tariffs should be determined in a manner that does not just maximize revenue to the Municipality, but also influences (i.e. reduces) unnecessary water usage.

5.1.1.2. Return Flow Management

- 5.1.1.2.1. Monitoring sewerage flows is essential to minimize unwanted inflows and leakages will reduce operating costs while also reducing environmental & health risks;
- 5.1.1.2.2. Dual water systems (potable and grey) that promote water re-use should be installed wherever viable.

5.1.1.3. Social Awareness and Education

- 5.1.1.3.1. The fact that “water is a scarce resource” must be effectively communicated to all residents and consumers, who should be encouraged to adopt water conservation habits and practices;
- 5.1.1.3.2. Campaigns should be targeted at identified groups and communicated in the most effective manner available, as well as forming an integral component of the IDP process.
- 5.1.1.3.3. Awareness must also be raised and maintained within the Municipality’s own staff and service providers.

Subsistence and Travelling Policy

Date approved : 29 June 2010

Operation date: 1 July 2010

1. Definitions

“Council” means-	The municipal council of Albert Luthuli Local Municipality established by Provisional Notice No.229 of 2000 dated 1 October 2000, as amended, or its successor in title and committee or person to which or to whom an instruction has been given or any power been delegated in terms of or as contemplated in department 59 of the Local Government Municipal Systems Act, 2000 (Act No.32 of 2000).
“Council Owned”	means a vehicle acquired under bona fide agreement or sale of exchange registered in the name of the Council official.
“Council Business”	means activities carried out by Councillors and Council Officials on behalf of the Council in discharging its mandate in terms of the Local Government Municipal Systems Act; 2000 (Act No.32 of 2000), Municipal Finance Management Act, Valuation Act and any other applicable legislation.
“Privately Owned”	means a vehicle acquired under a bona fide agreement or sale of exchange finance under a Council motor vehicle scheme registered in the name of a Council official before the implementation of the Municipal Finance Management Act.
“Councillor”	means a member of a Municipal Council.
“Contract Staff”	means staff employed in terms of contract staff (section 57) and any other appointed in terms of similar appointment contract.
“Travel Expense”	includes Toll gate fees, Parking fees, etc.
“Traditional Leader”	as defined in the Government Gazette number

2. Purpose

To provide guidelines for business traveling by Councillors, officials, Ward Committee Members, Audit Committee Members and Traditional Leaders on behalf of the Council and the compensation thereof.

3. Objectives

- 3.1. To regulate traveling expense claims by Councillors, Officials, Ward Committee Members and Audit Committee Members and Traditional Leaders traveling on behalf of the Council;
- 3.2. To identify Council business travel and traveling which is not related to Council business.

4. Application

Applicable to all Councillors, Council Officials, Ward Committee Members, Audit Committee Members and Traditional Leaders including contract staff and permanent employees subject to prior approval by the Senior Manager in that department.

5. Policy Guidelines

5.1. Traveling on Council business

- 5.1.1. The Municipal Manager or the delegated person shall approve traveling on Council business by officials of the Council. Such request for travel shall be on the Council prescribed form;
- 5.1.2. The Executive Mayor or the Speaker / Chief Whip or Municipal Manager shall approve traveling on Council business by Council.
 - 5.1.2.1. Destination;
 - 5.1.2.2. Reason for traveling (where applicable) proof must be attached to the form e.g. invitation or agenda of conference or meeting or the attendance register;
 - 5.1.2.3. Method of traveling;
 - 5.1.2.4. Whether privately or Council owned vehicle will be used; and
 - 5.1.2.5. Date of departure and return.

5.2. Usage of privately owned vehicle for Council business

- 5.2.1. Councillors, Officials, Ward Committee Members and Audit Committee Members and Traditional Leaders traveling on approved Council business using privately owned motor vehicle shall be reimbursed at a rate as prescribed by the department of transport from time to time however as per the upper limits Councillors and contract officials will claim after traveling the excess of 500 kilometers before they can start to claim.
- 5.2.2. The Officials whose contract were concluded after the first day of August 2006 or before August 2006 or are as per the circular issued by the Minister S.F. Mufumadi shall first travel the excess of 500 kilometers before they can claim for reimbursement. When claiming they must submit proof that such kilometers have been exhausted in a form of a logbook accompanied by approvals by their respective directors in the case of Assistant Directors; in the case of Directors the approval by the Municipal Manager.
- 5.2.3. The prescribed form shall be completed after a business trip has been undertaken;
- 5.2.4. The total number of kilometers traveled on Council business shall be provided and finance department shall process all approved travel expense twice per month and make payments on the 15th and 30th of every month or closest working day.
- 5.2.5. There shall be limitation to kilometers traveled monthly to all officials as follows:
 - 5.2.5.1. Municipal Manager will be limited to 3000 km per month
 - 5.2.5.2. (Directors) **Managers** will be limited to **2500** km per month;
 - 5.2.5.3. Assistant Directors will be limited to **2000** km per month;
 - 5.2.5.4. Other staff members will be limited to **1000** km per month;
 - 5.2.5.5. Staff receiving car allowances as per council policy will be limited to travel kilometers prescribed by the policy of Council on traveling allowance;
 - 5.2.5.6. Should any of the employees of Council exceed the prescribed kilometers as mentioned above the kilometers be carried over in the following month; (the Municipal Manager in the case of Directors will give prior approval of extension of

kilometers for that month. In the case of other employees including Assistant Directors the Director of the affected Department shall give prior approval. In the case of employees receiving car allowances as per Council policy prior approval shall be obtained from the Municipal Manager or *Delegated Officials*.)

- 5.2.5.7. Councillors will not be limited.

5.3. Usage of Council owned vehicle

- 5.3.1. No Council official qualifying for a Council subsidized motor vehicle will be allowed to use Council owned vehicle for business (or private purposes);
- 5.3.2. Councillors and Official using Council motor vehicle or Council rented vehicle, shall not claim traveling expenses as in 4.2.1 above provided Council incurred petrol expenses.
- 5.3.3. Councillors and Officials authorized to use Council owned vehicle for business purpose shall be reimbursed petrol expenses provided such official has incurred the expenditure and prove of expenditure is produced.
- 5.3.4. A logbook and trip authorization form shall be kept for all Council owned vehicles.

5.4. Travel

5.4.1. Air travel

- 5.4.1.1. The Executive Mayor may travel on Business or Economy class;
- 5.4.1.2. Councillors and Officials required to use air travel to attend to Council business matters shall book economy class for such travel provided that with the approval of the Executive Mayor;
- 5.4.1.3. Indicate distance that permit for air travel;
- 5.4.1.4. Get quotations for flight.

5.4.2. Road travel

- 5.4.2.1. Permitted to claim for kilometers traveled (own vehicle);
- 5.4.2.2. Officials is using her/his own vehicle or private transport, then a travel claim can be submitted;
- 5.4.2.3. If a Ward Committee Member, Traditional Leader and Audit Committee Member is using her/his own vehicle or private transport for council business, then a travel claim can be submitted and payable similar to officials and councilors;
- 5.4.2.4. If a person travels within Albert Luthuli Municipality and an overnight stay is necessary then the municipality will pay for the accommodation and the kilometers traveled;
- 5.4.2.5. When making use of public transport then claiming of the taxi fee is permitted;
- 5.4.2.6. If a ward committee member or traditional leader use a public transport then a taxi fee is claimable.

5.4.3. Car hire

- 5.4.3.1. Category A and B cars
- 5.4.3.2. The Executive Mayor is not limited to have above two categories.

5.5. Subsistence allowance

- 5.5.1. A day allowance of R75.00 is claimable if an official travel outside Albert Luthuli Municipality for more than four hours.*
- 5.5.2. For an overnight stay an inconvenience allowance of R150.00 will be paid.
- 5.5.3. If accommodation only includes bed and breakfast, then an allowance of maximum of R150.00 (one hundred and fifty rands) is claimable for dinner.
- 5.5.4. In an event of a member going overseas then a daily allowance is permitted. The allowance will be determined depending on the exchange rate applicable at that stage. All must be approved by Council

5.6. Accommodation- Hotel:

- 5.6.1. Maximum Rates (bed, breakfast, lunch and dinner):
 - 5.6.1.1. *Peak times (between R1500- R2000).*
 - 5.6.1.2. *Off peak times (maximum R1500).*
- 5.6.2. If accommodation is booked for a person and the person take another person with, then the cost of the second person must be paid by the person and is not the responsibility of the municipality ((except the Executive Mayor).)
- 5.6.3. *If booking for accommodation has not been done, then can officials, Councillors, Ward Committee member or Audit Committee member and Traditional Leader can claim R200 plus R120 in terms of the policy.*

5.7. Approval of claims (authorization of trips)

- 5.7.1. For Councillors/Ward Committee Members/Traditional Leaders: Executive Mayor or Speaker and Municipal Manager.
- 5.7.2. For Directors, Audit Committee Members; Ward Committee Members and Traditional Leaders: Municipal Manager or Acting Municipal Manager;
- 5.7.3. Other staff: Head of Department in consultation with the Municipal Manager (according to the delegation register).
- 5.7.4. Municipal Manager: Executive Mayor or Speaker and Director Corporate Services
- 5.7.5. Speaker and Executive Mayor: Chief Whip and the Municipal Manager

5.8. Interviews (claiming of travel)

- 5.8.1. Director Corporate Services will recommend the claim for the interviewee and the Municipal Manager will approve it.
- 5.8.2. *The Maximum rates for candidates attending interviews shall be the rate as prescribed by the department of transport from time to time.*

5.9. Cancellation of bookings

- 5.9.1. In case accommodation is booked and the person does not attend the function/event and neglected to inform the municipality/hotel, then the person is responsible for the cost;
- 5.9.2. If a booking is made and the function is cancelled, then the municipality will incur the cost.

5.10. Who has what responsibilities?

5.10.1. Executive Mayor / Council

- 5.10.1.1. Oversee and monitor:
 - 5.10.1.1.1. The implementation and enforcement of the municipality policy;
 - 5.10.1.1.2. The performance of the Municipal Manager in implementing the policy.
- 5.10.1.2. Evaluate the effectiveness of the policy and review it, present it for Council approval to Control the traveling and subsistence expenditure payable by the Council;
- 5.10.1.3. At such intervals as may be determined by the Council report to a meeting of the Council on the effectiveness of the travel and subsistence allowance policy.

5.10.2. Municipal Manager

- 5.10.2.1. Improvement and enforcement of the travel and subsistence allowance policy adopted by the Council;
- 5.10.2.2. In accordance with the travel and subsistence allowance policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to control the traveling and subsistence expenditure;
- 5.10.2.3. At such interval as may be determined by the Council, table a report on the status of municipal finances to a meeting of the Mayoral Committee.

6. References

- 6.1. Local Government Municipal Systems Act, 2000;
- 6.2. Income Tax Act No.58 of 1962;
- 6.3. Financial reporting by municipalities Regulation R1536;
- 6.4. Municipal Finance Management Act, 2003.

Overtime Policy

Date approved : 6 April 2010

Operation date: 1 July 2010

1. Introduction

- 1.1. The demand for service delivery often necessitates that employees should perform work outside the normal working hours. It is therefore necessary that such overtime duty be carefully regulated.
- 1.2. Therefore, the Albert Luthuli Municipality hereby adopts this policy to give effect to the implementation of the overtime policy.

2. Objectives

- 2.1. The objectives of these policies are.
 - 2.1.1. To provide guidance in the performance of overtime work by council employees as provided for in the Basic Conditions of Employment Act (Act no. 75 of 1997).
 - 2.1.2. This policy will prescribe the overtime rates to be used to compensate council employees who performed overtime work.
 - 2.1.3. To provide control mechanisms on the performance of overtime by Council employees.

3. Scope of Application

- 3.1. The policy applies to all full time employees of the Municipality except those employees excluded by earning more than the threshold amount as published by the Minister of Labour currently R149 736, 00 per annum, unless otherwise agreed. (*Government Gazette No.30720 of 01 February 2008*)
- 3.2. In the event of any inconsistency between this policy and any National and other Local Government related legislation, such legislation prevails.

- 3.3. No overtime will be paid for attendance of functions/prize giving event etc. by personal invitation except in the cases of compulsory attendance as official representative of Albert Luthuli Municipality and provided that such overtime is authorised in advance by the Municipal Manager.

4. Definitions

Deductions: means income tax, pension, medical fund etc.

Earnings: means gross pay before deductions;

Overtime: means the time that a qualifying employee works during a day of a week in excess of the ordinary hours of work;

Emergency work: refers to work that must be done without delay because of circumstances for which the employer could not reasonably have been expected to make provision and which cannot be performed by employees during their ordinary hours of work. Emergency work excludes the performance of routine maintenance work outside normal working hours.

Structured overtime: refers to planned overtime over which the employer has control that continue or take place after normal working hours and will include Council committee meetings.

Remuneration: compensation in money or time off for overtime worked

Wage: means the amount of money paid or payable to an employee in respect of ordinary hours of work

5. Responsibilities

5.1. General

- 5.1.1. The employer and employees both have the responsibility to ensure that the whole process surrounding overtime is underlined with fairness, equity, honesty, transparency, integrity and openness.
- 5.1.2. Each manager is accountable and responsible to constantly monitor and review the provision for overtime on his/her budget and ensure that trends are noted early, funds are adequate, over expenditure is noted, justified and provided for timeously.
- 5.1.3. Every manager/divisional manager has a responsibility for the implementation, maintenance and management of the overtime system.
- 5.1.4. The salary office is responsible for the calculation and paying out of overtime worked.
- 5.1.5. Designated managers and supervisors are responsible for co-ordinating and controlling system implementation and maintenance at operational level.
- 5.1.6. It is the responsibility of each Directorate to keep documented records in respect of all staff who qualify for time off and the appropriate application form should be completed by the employee when requesting time off.

5.2. Principle

Employees may not work overtime unless prior approval has been obtained from the Head of the Department concerned and the work in question cannot be done during working hours. In other words circumstances must be dictating.

5.3. Limitations

- 5.3.1. If an employee agrees to work overtime, the employee may not work:

- 6.2.1.1. Overtime except in accordance with a written agreement from the Head of the Department concerned;
- 6.2.1.2. More than 10 hours overtime per week;
- 6.2.1.3. More than 3 hours per day; and
- 6.2.1.4. Overtime only commences after completion of ordinary daily or weekly working hours.

5.4. Prior Approval

No employee will be remunerated for overtime worked unless such overtime has been budgeted for and authorized by the Departmental Head.

6. Authorisation

Basic Conditions of Employment Act, No 75 of 1997

7. Regulatory Framework

7.1.1. These conditions of service are guided by the following legislation:

- 7.1.1.1. Labour Relations Act;
- 7.1.1.2. Municipal Financial Management Act;
- 7.1.1.3. Government Gazette; and
- 7.1.1.4. Basic Conditions of Employment Act No. 75 Of 1997

8. Overtime Worked During The Week

8.1.1. Employees will be:

- 8.1.1.1. Paid one and a half times the employee's hourly wage for overtime worked; or;
- 8.1.1.2. Paid his/her ordinary wage for overtime worked and be granted 30 minutes time off on full pay for every hour of overtime worked during weekdays: or
- 8.1.1.3. Granted 90 minutes paid time off for each hour of overtime worked during week (Monday - Friday).

9. Time Off

- The employee will be granted paid time off within one month of the employee becoming entitled to it.
- The employee will be remunerated for overtime worked on the employee's normal payday.
- The taking of time off by an employee will be forfeited if not taken within one month's time but may for operational reasons, be extended to a maximum of six months by the employees Directors.
- Time-off cannot be en-cashed and upon termination of service this specific leave can also not be en-cashed.

10. Operational Requirement

- Due to the business and operational requirements of the Municipality, employees will be required to work overtime on occasions.
- The employer may not require or permit an employee to work overtime or to work on Sundays or Public Holidays except in accordance with an agreement.

11. Overtime Worked on Sunday and Public Holidays

Employees, who normally work five days a week, will be:

- Paid double the employee's hourly wage for overtime worked; or
- Paid his/her ordinary wage for overtime worked and be granted 60 minutes time off on full pay for every hour of overtime worked; or
- Granted at least 120 minutes paid time off for each hour of overtime worked during the week (Monday - Friday).

12. Exemptions

All other staff members not covered by this policy (i.e. people earning more than R115 572, 00) shall be entitled to take time off on full pay for overtime hours worked which was duly approved by the immediate Head. This category of officials will be entitled to accumulate up to a maximum of 30 days per annum. Time off must be taken within six months of overtime hours worked, and any extensions must be approved by the Departmental head concerned. Failure to take time off within six months of such accumulation will result in the forfeiture of the days in question, unless such failure is due to operational requirements. Overtime for these employees will be calculated on 90 minutes for each overtime hour worked during normal working days, and 120 minutes for each overtime hour worked on Public Holidays and Sundays.

Supply Chain Management Policy

Date of adoption : 1 July 2007

Date of review: 29 July 2010

1. Definitions

1.1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and;

“Competitive bidding process” means a competitive bidding process referred to in paragraph 3.4.1 (d) of this Policy;

“Competitive bid” means a bid in terms of a competitive bidding process;

“Final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“Formal written price quotation” means quotations referred to in paragraph 3.4.1 (c) of this Policy;

“In the service of the state” means to be –

- (a) A member of –
 - (i) Any municipal council;
 - (ii) Any provincial legislature; or
 - (iii) The National Assembly or the National Council of Provinces;
- (b) A member of the board of directors of any municipal entity;
- (c) An official of any municipality or municipal entity;
- (d) An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) A member of the accounting authority of any national or provincial public entity;
or
- (f) An employee of Parliament or a provincial legislature;

“Long term contract” means a contract with a duration period exceeding one year;

“List of accredited prospective providers” means the list of accredited prospective providers which the municipality must keep in terms of paragraph 3.6 of this policy;

“Other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (c) The Construction Industry Development Board Act, 2000 (Act No.38 of 2000); and
- (d) Municipal Systems Act, 1999 (Act No. of 1999)

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“The Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“The Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“Written or verbal quotations” means quotations referred to in paragraph 3.4.1 (b) of this Policy.

“Designated Supply Chain Management Official” means the Supply Chain Manager.

“Municipality” means Albert Luthuli Municipality or an entity directly linked to the municipality.

2. Implementation of supply chain management policy

2.1. All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

2.1.1.Gives effect to –

- (i) Section 217 of the Constitution; and
- (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;

2.1.2.is fair, equitable, transparent, competitive and cost effective;

2.1.3.Complies with –

- (i) The Regulations; and
- (ii) Any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

2.1.4.is consistent with other applicable legislation;

2.1.5.Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

2.1.6.is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

2.2. This Policy applies when the municipality

- (a) Procures goods or services;
- (b) Disposes goods no longer needed;
- (c) Selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- (d) Selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

2.3. This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

- (a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

2.4. Amendment of the supply chain management policy

2.4.1. The accounting officer must –

- (a) at least annually review the implementation of this Policy; and
- (b) When the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council

2.4.2. If the accounting officer submits proposals –

Amendments to the Council that differs from the model policy issued by the National Treasury, the accounting officer must –

- (a) ensure that such proposed amendments comply with the Regulations; and
- (b) Report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

2.4.3. When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

2.5. Delegation of supply chain management powers and duties

2.5.1. The Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

- (a) To discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) This Policy;
- (b) to maximise administrative and operational efficiency in the implementation of this Policy;
- (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
- (d) To comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

2.5.2. Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

2.5.3. The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;

2.5.4. This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

2.6. Sub delegations

2.6.1. The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

2.6.2. The power to make a final award –

- (a) Above R10 million (VAT included) may not be sub-delegated by the accounting officer;
- (b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
 - (i) The chief financial officer;
 - (ii) A senior manager; or
 - (iii) A bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (c) Not exceeding R2 million (VAT included) may be sub-delegated but only

To –

- (i) The chief financial officer;
- (ii) A senior manager;
- (iii) A manager directly accountable to the chief financial officer or a senior manager; or
- (iv) A bid adjudication committee.

2.6.3. An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

- (a) the amount of the award;
- (b) the name of the person to whom the award was made; and
- (c) the reason why the award was made to that person.

2.6.4. A written report referred to in subparagraph (3) must be submitted –

- (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2) (c) (iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member

2.6.5. Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

2.6.6. This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 3.18 of this Policy.

2.6.7. No supply chain management decision-making powers may be delegated to an advisor or consultant.

2.7. Oversight role of council

2.7.1. The council reserves its right to maintain oversight over the implementation of this Policy.

2.7.2. For the purposes of such oversight the accounting officer must –

- 2.7.2.1. within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
- 2.7.2.2. whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.

2.7.3. The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Executive Mayor.

2.7.4. The reports must be made public in accordance with section 21A of the Municipal Systems Act.

2.8. Supply chain management unit

2.8.1. A supply chain management unit is hereby established to implement this Policy.

2.8.2. The supply chain management unit operates under the direct supervision of the chief financial officer through the supply chain manager to whom this duty has been delegated in terms of section 82 of the Act.

2.9. Training of supply chain management officials

2.9.1. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

3. Supply Chain Management System

3.1. Format of supply chain management system

3.1.1. This Policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

3.2. Demand management

3.2.1. The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

3.2.2. The demand management system must –

- (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

3.3. System of acquisition management

3.3.1. the accounting officer must implement the system of acquisition management set out in this Part in order to ensure –

- (a) That goods and services are procured by the municipality in accordance with authorised processes only;
- (b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) That the threshold values for the different procurement processes are complied with;
- (d) That bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;

- (e) That any Treasury guidelines on acquisition management are properly taken into account.

3.3.2. When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

- (a) The kind of goods or services; and
- (b) The name of the supplier.

3.4. Range of procurement processes

3.4.1. Goods and services may only be procured by way of –

- (a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
- (b) Written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
- (c) Formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
- (d) A competitive bidding process for–
 - (i) Procurements above a transaction value of R200 000 (VAT included); and
 - (ii) The procurement of long term contracts.

3.4.2. The accounting officer may, in writing-

- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
- (b) Direct that –
 - (i) Written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
 - (ii) Formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - (iii) A competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

3.4.3. Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

3.5. General preconditions for consideration of written quotations or bids

3.5.1. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) Has furnished that provider's –
 - (i) Full name;
 - (ii) Identification number or company or other registration number;and

- (iii) Tax reference number and VAT registration number, if any;
 - (iv) Proof of payment of municipal rates;
 - (v) Proof of residential address;
 - (vi) Bidders who are in arrears of Municipal Accounts must also be considered.
- (b) Has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) Has indicated –
 - (i) Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (d) The submitted quotation or bid must be properly signed and must at least be valid for the period of 0 to 90 days; otherwise such bid shall amount to disqualification.

3.6. Lists of accredited prospective providers

3.6.1. The accounting officer must –

- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) specify the listing criteria for accredited prospective providers; and
- (d) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (e) Disallow the listing of any prospective provider who previously defaulted with contract with the provision of goods or services in the municipality for the past 5 years; irrespective of the value of the contract or service.

3.6.2. The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

3.6.3. The list must be compiled per commodity and per type of service.

3.6.4. There shall be three (3) categories of the prospective suppliers;

- (a) Professional service providers; that must at least pay an amount of R 200.00 to be listed in the system upon completing a supplier database form;
- (b) Non-emerging service providers; that must at least pay an amount of R 200.00 to be listed in the system upon completing a supplier database form;
- (c) Emerging service providers; that must at least pay an amount of R 0.00 (free) to be listed in the system upon completing a supplier database form;

3.6.5. The supplier database shall only be kept and managed by the supply chain management section, and shall be used on rotational bases to give contractors equal opportunity.

3.7. Petty cash purchases

3.7.1. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 3.431 (a) of this Policy, are as follows –

- (a) Procurement of goods or services less than R2000.00 (two thousand rand) may be delegated to the demand officer or the stores clerk through the supply chain manager;
- (b) Procurement of goods or services less than R 500.00 (five hundred rand) may be procured using one written quotation upon approval by the supply chain manager and genuine reasons must be provided for;
- (c) A monthly reconciliation report from the supply chain manager must be provided to the chief financial officer, including –
 - (i) The total amount of petty cash purchases for that month; and
 - (ii) Receipts and appropriate documents for each purchase.

3.8. Written or verbal quotation

3.8.1. The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 3.6.1(b) and (c) of this Policy;
- (b) To the extent feasible, providers must be requested to submit such quotations in writing;
- (c) If it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) The accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and

- (e) If a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

3.9. Formal written price quotations

3.9.1. The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- (a) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
- (b) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 3.6.1(b) and (c) of this Policy;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- (d) The accounting officer must record the names of the potential providers and their written quotations.

3.9.2. A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

3.10. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

3.10.1. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

- (a) When using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, except in a case where clause 18 (a) is utilized, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality;
- (c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- (e) Offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (f) Acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

- (g) Minutes of evaluation of quotations and the criteria used to evaluate the quotations must be properly recorded and signed by the Evaluator of such quotations duly appointed by the Accounting Officer, the Supply Chain Manager and The Chief Financial Officer;
- (h) Any bid or quotation between R 0 to R 200,000.00 *may* be evaluated only by the supply chain management section, wherein recommendations must be made by the end-user department, the chief financial officer and *must* be approved by the accounting officer.

3.11. Competitive bids

- 3.11.1. Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 3.3.2 of this Policy.
- 3.11.2. No procurement of goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

3.12. Process for competitive bidding

- 3.12.1. The procedures for the following stages of a competitive bidding process are as follows:
 - (a) Compilation of bidding documentation as detailed in paragraph 3.13;
 - (b) Public invitation of bids as detailed in paragraph 3.14;
 - (c) Site meetings or briefing sessions as detailed in paragraph 3.14;
 - (d) Handling of bids submitted in response to public invitation as detailed in paragraph 3.15;
 - (e) Evaluation of bids as detailed in paragraph 3.16;
 - (f) Award of contracts as detailed in paragraph 3.17;
 - (g) Administration of contracts - After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
 - (h) Proper record keeping - Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

3.13. Bid documentation for competitive bids

- 3.13.1. The criteria to which bid documentation for a competitive bidding process must comply, must –
 - (a) Take into account –
 - (i) The general conditions of contract and any special conditions of contract, if specified;
 - (ii) Any Treasury guidelines on bid documentation; and
 - (iii) The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) If the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (AA) for the past three years; or
 - (BB) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

3.14. Public invitation for competitive bids

3.14.1. The procedure for the invitation of competitive bids, is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) The information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) A statement that bids may only be submitted on the bid documentation provided by the municipality ;and
 - (iii) Date, time and venue of any proposed site meetings or briefing sessions.;

3.14.2. The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

3.14.3. Bids submitted must be sealed.

3.14.4. Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

3.15. Procedure for handling, opening and recording of bids

3.15.1. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids—
 - (i) Must be opened only in public;
 - (ii) Must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) Received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) Make the register available for public inspection; and
 - (iii) Publish the entries in the register and the bid results on the website.

3.16. Negotiations with preferred bidders

3.16.1. The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

- (a) Does not allow any preferred bidder a second or unfair opportunity;
- (b) is not to the detriment of any other bidder; and
- (c) Does not lead to a higher price than the bid as submitted.

3.16.2. Minutes of such negotiations must be kept for record purposes.

3.17. Two-stage bidding process

3.17.1. a two-stage bidding process is allowed for –

- (a) Large complex projects;
- (b) Projects where it may be undesirable to prepare complete detailed technical specifications; or

- (c) Long term projects with a duration period exceeding three years.

3.17.2. In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

3.17.3. In the second stage final technical proposals and priced bids should be invited.

3.18. Committee system for competitive bids

3.18.1. A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) A bid specification committee;
- (b) A bid evaluation committee; and
- (c) A bid adjudication committee;

3.18.2. The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

3.18.3. A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

3.18.4. The committee system must be consistent with –

- (a) Paragraph 3.19, 3.20 and 3.21 of this Policy; and
- (b) Any other applicable legislation.

3.18.5. The accounting officer may apply the committee system to formal written price quotations.

3.19. Bid specification committees

3.19.1. A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.

3.19.2. Specifications –

- (a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- (d) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
- (e) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
- (f) Must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 3.14 of this Policy.

3.19.3. A bid specification committee must be composed of one or more officials of the municipality preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

3.19.4. No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

3.20. Bid evaluation committees

3.20.1. A bid evaluation committee must –

- (a) Evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) The points system set out in terms of paragraph 27(2)(f).
- (b) Evaluate each bidder’s ability to execute the contract;
- (c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
- (d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

3.20.2. A bid evaluation committee must as far as possible be composed of-

- (a) Officials from departments requiring the goods or services; and
- (b) At least one supply chain management practitioner of the municipality.

3.21. Bid adjudication committees

3.21.1. A bid adjudication committee must –

- (a) Consider the report and recommendations of the bid evaluation committee; and
- (b) Either –
 - (i) Depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

- (ii) Make another recommendation to the accounting officer how to proceed with the relevant procurement.
- 3.21.2. A bid adjudication committee must consist of at least four senior managers of the municipality which must include –
 - (a) The chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) At least one senior supply chain management practitioner who is an official of the municipality; and
 - (c) A technical expert in the relevant field who is an official, if such an expert exists.
- 3.21.3. The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- 3.21.4. Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- 3.21.5. if the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) Notify the accounting officer.
- 3.21.6. The accounting officer may –
 - (i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- 3.21.7. The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- 3.21.8. The accounting officer must comply with section 114 of the Act within 10 working day
- 3.21.9. The bid evaluation or adjudication committee may –

After consulting with the accounting officer, appoint an interim or a liquid chairperson in an event whereby the chairperson appointed by the accounting officer is absent.

3.22. Procurement of banking services

- 3.22.1. A contract for banking services –
 - (a) Must be procured through competitive bids;
 - (b) Must be consistent with section 7 or 85 of the Act; and
 - (c) May not be for a period of more than five years at a time.

3.22.2. The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

3.22.3. The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

3.23. Procurement of IT related goods or services

3.23.1. the accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

3.23.2. Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

3.23.3. The accounting officer must notify SITA together with a motivation of the IT needs if –
(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
(b) The transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

3.23.4. If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

3.24. Procurement of goods and services under contracts secured by other organs of state

3.24.1. the accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

- (a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) There is no reason to believe that such contract was not validly procured;
- (c) There are demonstrable discounts or benefits to do so; and
- (d) That other organ of state and the provider have consented to such procurement in writing.

3.25. Procurement of goods necessitating special safety arrangements

3.25.1. The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

3.25.2. Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

3.26. Proudly SA Campaign & EPWP Initiative

3.26.1. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district to cater for 80 % local economic advancement and 20 % of services be procured externally;
 - Secondly – suppliers and businesses within the relevant province;
 - Thirdly – suppliers and businesses within the Republic.
- 3.26.2. This section also applies to general construction contracts / tenders by local bidders.
- 3.26.3. The Municipality supports the EPWP initiative

3.27. Appointment of consultants

- 3.27.1. The accounting officer may procure consulting services provided that any Treasury, ECSA & DWAF guidelines in respect of consulting services are taken into account when such procurements are made.
- 3.27.2. Consultancy services must be procured through competitive bids if
- (a) The value of the contract exceeds R200 000 (VAT included); or
 - (b) The duration period of the contract exceeds one year.
- 3.27.3. In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) Any similar consultancy services provided to an organ of state in the last five years.
- 3.27.4. The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

3.28. Deviation from, and ratification of minor breaches of, procurement processes

- 3.28.1. The accounting officer may –
- (a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) In an emergency;
 - (ii) If such goods or services are produced or available from a single provider only;
 - (iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (vi) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

3.29. Unsolicited bids

- 3.29.1. In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- 3.29.2. The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service;
- and
- (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- 3.29.3. If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
- (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 3.29.4. The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- 3.29.5. The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- 3.29.6. A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- 3.29.7. When considering the matter, the adjudication committee must take into account –
- (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- 3.29.8. If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 3.29.9. Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

3.30. Combating of abuse of supply chain management system

- 3.30.1. The accounting officer must–

- (a) Take all reasonable steps to prevent abuse of the supply chain management system;
- (b) Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

- (i) Take appropriate steps against such official or other role player;
 or
 - (ii) Report any alleged criminal conduct to the South African Police Service;
- (c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) Reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) Who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) Cancel a contract awarded to a person if –
 - (i) The person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) An official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) Reject the bid of any bidder if that bidder or any of its directors –
 - (i) Has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) Has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) Has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

3.30.2. The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

4. Logistics, Disposal, Risk and Performance Management

4.1. Logistics management

4.1.1. The accounting officer must establish and implement an effective system of logistics management, which must include –

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

4.2. Disposal management

4.2.1. The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows: By way of Auction

4.2.2. Assets may be disposed of by –

- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (iii) selling the asset and through auctioning; or
- (iv) destroying the asset.

4.2.3. The accounting officer must ensure that –

- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

- (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

4.3. Risk management

4.3.1. The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

- (a) By appointing a qualified risk assessor on contract basis or as a consultant or permanently if possible;

4.3.2. Risk management must include –

- (a) the identification of risks on a case-by-case basis;
- (b) the allocation of risks to the party best suited to manage such risks;
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

4.4. Performance management

4.4.1. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

5. Other matters

5.1. Prohibition on awards to persons whose tax matters are not in order

5.1.1. No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

5.1.2. Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

5.1.3.If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be out of order. It is therefore a responsibility of the prospective bidder to ensure that such tax matters are in order and shall remain his/her responsibility to provide supporting documentation required by the municipality.

5.2. Prohibition on awards to persons in the service of the state

5.2.1.Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with the municipality.

5.3. Awards to close family members of persons in the service of the state

5.3.1.The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

5.4. Ethical standards

5.4.1.A code of ethical standards as set out in the *“National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management”* is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

- (a) mutual trust and respect; and
- (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

5.4.2.A breach of the code of ethics must be dealt with as follows -

- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
- (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

5.5. Inducements, rewards, gifts and favours to municipalities, officials and other role players

5.5.1.No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

5.5.2.The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

5.5.3.Subparagraph (1) does not apply to gifts less than R100 in value.

5.6. Sponsorships

5.6.1.The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

5.7. Objections and complaints

5.7.1.Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

5.8. Resolution of disputes, objections, complaints and queries

5.8.1.The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

- (a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
- (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

5.8.2. The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

5.8.3. The person appointed must –

- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

5.8.4. A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –

- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
- (b) no response is forthcoming within 60 days.

5.8.5. If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

5.8.6. This paragraph must not be read as affecting a person's rights to approach a court at any time.

5.9. Contracts providing for compensation based on turnover

5.9.1. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

- (a) a cap on the compensation payable to the service provider; and
- (b) that such compensation must be performance based.

5.10. Bidders Commitments

5.10.1. All prospective bidders of the municipality must –

- (a) Declare abide to the mission & vision of the municipality and must assist the municipality to realize and meet its objectives;
- (b) After an award of any contract more than R 200,000.00 the service provider must commit itself to a 1% per cent social responsibility program; but the accounting officer must ensure compliance with clause 48 of this policy.
- (c) Ensure and promote good relationship with all structures established in terms of the municipal processes and the Municipal Systems & Municipal Structures Act.
- (d) Promote the employment of local people reimburse their services taking into consideration the minimum standards set by the Department of Labour through the Sectoral Determination Act.
- (e) Bid Committees must sit and appoint service providers within 14 days after the tender has closed.

5.11. Checking the List of Restricted Suppliers

5.11.1. The Municipal Manager must verify the status of the recommended bidder with the National Treasury prior to awarding a contract.

(a) A response will be provided generally within one (1) working confirming whether the name provided has been listed as a person or company prohibited from doing business with the public sector.

(i) the above request shall be forwarded by e-mail to restrictions@treasury.gov.za.

(ii) Under no circumstances shall a contract be awarded to a service provider whose name appears on the treasury defaulters register.

5.12. Register for the Tender Defaulters

5.12.1. The Municipal Manager must keep a register of service providers that have defaulted with the Municipality in the past stating reasons for defaulting in terms of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004.

(a) The Municipal Manager must reject any bid if that bidder or any of its directors has been listed in the *Register for Tender Defaulters* of treasury.

(b) This register determine the period (which may not be less than five years or more than 10 years) for which the convicted persons or enterprises must be prohibited from doing business with the public sector.

(i) If the period determined by the register has elapsed, the convicted company or person would be prohibited from doing business with the public sector.

ANNEXURE 1

Code of Conduct for Supply Chain Management Practitioners and other Role Players

The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in fair and reasonable manner.

- 1.1 The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- 1.2 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies, and guidelines. They should ensure that public resources are administered responsibly.
- 1.4 Officials and other role players involved in SCM, should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

2. Conflict of interest

- 2.1 An official or other role player involved with supply chain management –
 - (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;

- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any reward of a contract by the municipality;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interest or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

3. Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers, or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.

- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- 3.6 Practitioners must report to the officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
- (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities, officials or other role players;
 - (iii) any alleged breach of this code of conduct.
- 3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

4. Openness

- 4.1 Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5. Confidentiality

- 5.1 Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / contractor mat is revealed if such an action will infringe on the relevant bidder's / contractors personal rights.

- 5.2 Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

6. Bid Specification / Evaluation / Adjudication Committees

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2 Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 6.4 No person should –
- 6.4.1 interfere with the supply chain management system of the municipality; or
- 6.4.2 amend or tamper with any price quotation / bid after its submission.

7. Combative Practices

- 7.1 Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- (i) Suggestions to fictitious quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register of Tender Defaulters.

ANNEXURE 2

**STANDARDIZED CONSTRUCTION PROCUREMENT DOCUMENTS FOR ENGINEERING AND CONSTRUCTION
WORK**



(Compiler to insert reference number)

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ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

Contents	
Number	Heading
The Tender	
Part T1: Tendering procedures	
T1.	Tender Notice and Invitation to Tender
T1.2	Tender Data
Part T2: Returnable documents	
T2.1	List of Returnable Documents
T2.2	Returnable Schedules
The Contract	
Part C1: Agreement and Contract Data	
C1.1	Form of Offer and Acceptance
C1.2	Contract Data
C1.3	Form of Guarantee (Compiler to insert only if GCC 2004 is used)
C1.3	Construction Guarantee (Compiler to insert only if JBCC Series 2000 is used)
C1.4	Adjudicator's Contract (Compiler to insert only if JBCC Series 2000 is used)

Part C2: Pricing data	
C2.1	Pricing Instructions
C2.2	Activity Schedule or Bills of Quantities
Part C3: Scope of Work	
C3	Scope of Work
Part C4: Site information	
C4	Site Information

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

T.1.1. Tender Notice and Invitation to Tender

<p>The Technical Services Department, Albert Luthuli Municipality, invites tenders for.</p> <p><i>(Compiler to briefly describe what is to be procured)</i></p>
<p>Tenderers should have a CIDB contractor grading designation of . . . or higher.</p> <p><i>(Compiler to omit where the quotation procedure is used or where potentially emerging enterprises are promoted. Compiler to insert best estimate of required contractor grading designation.)</i></p>
<p>Tenderers must be registered with the CIDB in aclass of construction works.</p> <p><i>(Compiler to insert if quotation procedure is used. Compiler to insert class of construction works.)</i></p>
<p>Tenderers should have a CIDB contractor grading of . . . or higher. potentially emerging enterprises who satisfy criteria stated in the Tender Data may submit tender offers.</p> <p><i>(Compiler to insert where potentially emerging enterprises are to be promoted in terms of a targeted development programme. Compiler to insert best estimate of required contractor grading designation and one designation lower before “potentially emerging enterprises”)</i></p>
<p>Preferences are offered to tenderers who have HDI / Youth Equity ownership, undertake to subcontract work to CIDB registered contractors, have a specific CIDB Contractor Grading Designation, are SMMEs or have a head office in the Mpumalanga Province.</p> <p><i>(Compiler to amend as necessary and include if preferences are granted for these categories of preference.)</i></p>
<p>Preferences are offered to tenderers who tender contract participation goals in terms of SANS 1914-</p>

<p>... in respect of</p> <p><i>(Compiler to include and insert number of specification and type of target group if preferences are offered for contract participation goals).</i></p>
<p>Only tenderers who employ staff which satisfy EPWP requirements are eligible to submit tenders <i>(Compiler to include if contract falls under the EPWP and the contract does not involve Learner Contracting Companies)</i></p>
<p>The physical address for collection of tender documents is:</p> <p>Department of Public Works, Roads and Transport</p> <p>Room</p> <p>..... Building</p> <p>..... Street</p> <p>Mkhuhlu</p> <p>Documents may be collected during working hours after 09:00 on</p> <p><i>(Tender office to insert date when documents are available)</i></p>
<p>A non-refundable tender deposit of R.....payable in cash or by bank guaranteed cheque made out in favour of the Employer, payable at the ground floor till of Building between 9:00 and 12:00 and 12:00 and 14:45, is required on collection of the tender documents.</p> <p><i>(Compiler is to insert a value of R50 if the estimated tender value, inclusive of VAT, is less than or equal to R300 000; R100 if it is between R 300 000 and R 2 000 000 and R200 if greater than R 2 000 000)</i></p>
<p>Queries relating to the issue of these documents may be addressed to Mr/Ms , Tel No. , Fax No. e mail <i>(Compiler to insert name and contact particulars)</i></p>
<p>A compulsory clarification meeting with representatives of the Employer will take place at on starting at hrs. <i>(Compiler to omit if not a requirement or provide required information)</i></p>
<p>The closing time for receipt of tenders is hrs on</p> <p>Telegraphic, telephonic, telex, facsimile and late tenders will not be accepted. <i>(Compiler to enter data)</i></p>

Requirements for sealing, addressing, delivery, opening and assessment of tenders are stated in the Tender Data.

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

T1.2 Tender Data

The conditions of tender are the Standard Conditions of Tender as contained in Annex F of the CIDB Standard for Uniformity in Construction Procurement. (see www.cidb.org.za) which are reproduced without amendment or alteration for the convenience of tenderers as an Annex to this Tender Data.

The Standard Conditions of Tender make several references to the Tender Data for details that apply specifically to this tender. The Tender Data shall have precedence in the interpretation of any ambiguity or inconsistency between it and the standard conditions of tender. Each item of data given below is cross-referenced to the clause in the Standard Conditions of Tender to which it mainly applies.

The additional conditions of tender are:

(Compiler to include additional conditions only if approved by the Department. Compilers are to note that they are not to vary the Standard Conditions of Tender in any manner)

Clause number	Tender Data
F.1.1	The employer is the Technical Services Department, Albert Luthuli Municipality.

Clause number	Tender Data
F.1.2	<p>The tender documents issued by the employer comprise:</p> <p>T1.1 Tender notice and invitation to tender</p> <p>T1.2 Tender data</p> <p>T2.1 List of returnable documents</p> <p>T2.2 Returnable schedules</p> <p>Part 1: Agreements and contract data</p> <p>C1.1 Form of offer and acceptance</p> <p>C1.2 Contract data</p> <p>C1.3 Form of Guarantee</p> <p>C1.4 Adjudicator's Contract</p> <p>Part 2: Pricing data</p> <p>C2.1 Pricing instructions</p> <p>C2.2 Activity schedules / Bills of Quantities</p> <p>Part 3: Scope of work</p> <p>C3 Scope of work</p> <p>Part 4: Site information</p> <p>C4 Site information</p>

Clause number	Tender Data
F.1.4	<p>The employer's agent is:</p> <p>Name:</p> <p>Address:</p> <p>Tel:</p> <p>Fax:</p> <p>E-mail:</p> <p><i>(Compiler to insert data)</i></p>
F.2.1	<p>Only those tenderers who have in their employ management and supervisory staff satisfying the requirements of the Scope of Work for labour intensive competencies for supervisory and management staff are eligible to submit tenders.</p> <p><i>(Compiler to include if contract falls under the EPWP and the contract does not involve Learner Contracting Companies)</i></p>
F.2.1	<p>Only those tenderers who are registered with the CIDB, or are capable of being so prior to the evaluation of submissions, in a contractor grading designation equal to or higher than a contractor grading designation determined in accordance with the sum tendered for a class of construction work, are eligible to submit tenders.</p> <p>Joint ventures are eligible to submit tenders provided that:</p> <ol style="list-style-type: none"> 1. every member of the joint venture is registered with the CIDB; 2. the lead partner has a contractor grading designation in the class of construction work; and 3. the combined contractor grading designation calculated in accordance with the Construction Industry Development Regulations is equal to or higher than a contractor grading designation determined in accordance with the sum tendered for a class of construction work. <p><i>(Compiler to include where tenders (as apposed to quotations) are called for and where the contract does not involve Learner Contracting Companies) and no supportive arrangements are in place for potentially emerging contractors.)</i></p>

Clause number	Tender Data
F.2.1	<p>The following tenderers who are registered with the CIDB, or are capable of being so registered prior to the evaluation of submissions, are eligible to submit tenders:</p> <ul style="list-style-type: none"> a) contractors who have a contractor grading designation equal to or higher than a contractor grading designation determined in accordance with the sum tendered for a class of construction work; and b) contractors registered as potentially emerging enterprises with the CIDB who are registered in one contractor grading designation lower than that required in terms of a) above and who satisfy the following criteria: <ul style="list-style-type: none"> i) The Department, following an interview with the management of the enterprise, is satisfied that the enterprise has the potential to develop and qualify to be registered in a higher contractor grading designation; and ii) The Department, following a risk assessment, is able to provide the necessary supportive measures required to enable the enterprise to successfully execute the contract. <p>Joint ventures are eligible to submit tenders provided that:</p> <ul style="list-style-type: none"> 1. every member of the joint venture is registered with the CIDB; 2. the lead partner has a contractor grading designation in the class of construction work; and 3. the combined contractor grading designation calculated in accordance with the Construction Industry Development Regulations is equal to or higher than a contractor grading designation determined in accordance with the sum tendered for a class of construction work. <p><i>(Compiler to include where tenders (as opposed to quotations) are called for and where the contract does not involve Learner Contracting Companies and where supportive arrangements are in place for emerging contractors. Where specific development programmes are in place state criteria associated with such programmes).</i></p>

Clause number	Tender Data
F.2.1	<p>Only those tenderers who are registered with the CIDB, or are capable of being so prior to the evaluation of submissions, in a class of construction work and are registered with the CIDB as having a track record, are eligible to submit tenders.</p> <p><i>(Compiler to include where quotations are called for. Compiler to insert class of construction works that represents the works to be performed)</i></p>
F.2.7	<p>There are no compulsory clarification meetings</p> <p><i>(Compiler to include if there are no compulsory or clarification meetings)</i></p>
F.2.7	<p>The arrangements for a compulsory clarification meeting are as stated in the Tender Notice and Invitation to Tender.</p> <p>Tenderers must sign the attendance list in the name of the tendering entity. Addenda will be issued to and tenders will be received only from those tendering entities appearing on the attendance list.</p> <p><i>(Compiler to include if there are compulsory clarification meetings.)</i></p>

Clause number	Tender Data
F.2.12	<p data-bbox="341 412 1402 483"><i>(Compiler to include the following only if no alternative tender offers will be considered i.e. the standard provisions of clause F.2.1.2 are unacceptable)</i></p> <p data-bbox="341 584 876 611">No alternative tender offers will be considered</p> <p data-bbox="341 719 1402 790"><i>(Compiler to include the following if appropriate or any alternative wording to describe the conditions under which alternative offers may be submitted)</i></p> <p data-bbox="341 891 1402 999">If a tenderer wishes to submit an alternative tender offer, the only criteria permitted for such alternative tender offer is that it demonstrably satisfies the Employer's standards and requirements, the details of which may be obtained from the Employer's Agent.</p> <p data-bbox="341 1104 1402 1413">Calculations, drawings and all other pertinent technical information and characteristics as well as modified or proposed Pricing Data must be submitted with the alternative tender offer to enable the Employer to evaluate the efficacy of the alternative and its principal elements, to take a view on the degree to which the alternative complies with the Employer's standards and requirements and to evaluate the acceptability of the pricing proposals. Calculations must be set out in a clear and logical sequence and must clearly reflect all design assumptions. Pricing Data must reflect all assumptions in the development of the pricing proposal.</p> <p data-bbox="341 1518 1402 1664">Acceptance of an alternative tender offer will mean acceptance in principle of the offer. It will be an obligation of the contract for the tenderer, in the event that the alternative is accepted, to accept full responsibility and liability that the alternative offer complies in all respects with the Employer's standards and requirements.</p> <p data-bbox="341 1769 1402 1877">The modified Pricing Data must include an amount equal to 5% of the amount tendered for the alternative offer to cover the Employer's costs of confirming the acceptability of the detailed design before it is constructed.</p>

Clause number	Tender Data
F.2.13.3	Parts of each tender offer communicated on paper shall be submitted as an original, plus 0 copies.
F.2.13.5 F2.15.1	<p>The employer's address for delivery of tender offers and identification details to be shown on each tender offer package are:</p> <p>Location of tender box: Albert Luthuli Main offices, ground floor, reception.</p> <p>Physical address: 28 Kerk Street, Carolina 1185</p> <p>Identification details: Reference number, title of tender and the closing date and time of the tender</p> <p>Postal address: Technical Services Department, P.O. Box 24, Carolina, 1185</p> <p><i>(Compiler to insert the abovementioned data in respect of competitive tenders and the data pertinent to local costing centres where the quotation procedure is used.)</i></p>
F.2.13 F.3.5	A two-envelope procedure will not be followed.
F.2.15	The closing time for submission of tender offers is as stated in the Tender Notice and Invitation to Tender.
F.2.15	Telephonic, telegraphic, telex, facsimile or e-mailed tender offers will not be accepted.
F.2.16	The tender offer validity period is 8 weeks

Clause number	Tender Data
F.2.18	<p>The tenderer shall, when requested by the Employer to do so, submit the names of all management and supervisory staff that will be employed to supervise the labour-intensive portion of the works together with satisfactory evidence that such staff members satisfy the eligibility requirements.</p> <p><i>(Compiler to include if contract falls under the EPWP and the contract does not involve Learner Contracting Companies))</i></p>
F.2.19	<p>Access shall be provided for the following inspections, tests and analysis:</p> <p>.....</p> <p><i>(Compiler to include only if these are requirements for inspections etc at tender stage)</i></p>
F.2.23	<p>The tenderer is required to submit with his tender a Certificate of Contractor Registration issued by the Construction Industry Development Board and a copy of an original valid Tax Clearance Certificate issued by the South African Revenue Services.</p> <p>Where a tenderer satisfies CIDB contractor grading designation requirements through joint venture formation, such tenderers must submit the Certificates of Contractor Registration in respect of each partner.</p>
F.3.4	<p>Tenders will be opened immediately after the closing time for tenders at</p> <p><i>(Compiler to provide data and omit where a quotation procedure is followed)</i></p>
F.3.11	<p>The procedure for the evaluation of responsive tenders is Method 1.</p> <p><i>(Compiler to include in quotations where the value is less than R30 000 unless otherwise directed)</i></p>

Clause number	Tender Data
	<p>The procedure for the evaluation of responsive tenders is Method 2</p> <p>The financial offer will be scored using Formula 2 (option 1) where the value of W_1 is:</p> <ol style="list-style-type: none"> 1) 90 where the financial value inclusive of VAT of all responsive tenders received have a value in excess of R 500 000; or 2) 80 where the financial value inclusive of VAT of one or more responsive tender offers equals or is less than R 500 000. <hr/> <p>Up to 100 minus W_1 tender evaluation points will be awarded to tenderers who complete the preferencing schedule and who are found to be eligible for the preference claimed.</p> <p><i>(Compiler to use this wording where the Preference Schedule (Direct Preference) is used.)</i></p>
F.3.11	<p>A maximum of 100 minus W_1 tender evaluation points will be awarded for the extent to which the tendered Contract Participation Goal exceeds the specified minimum. The basis of award of preference points is:</p> $N_p = \frac{(100 - W_1) \times (D - D_s)}{(X - D_s)}$ <p>where D = tendered Contract Participation Goal.</p> <p>D_s = the minimum Contract Participation Goal below which no preference will be granted, namely,%</p> <p>X = the maximum Contract Participation Goal above which no further tender evaluation points are awarded, namely %.</p> <p><i>(Compiler to use this wording where Preference Schedules (Contract Participation Goal) is used. Compiler to insert values for D_s and X.)</i></p>

Clause number	Tender Data
F3.13.1	<p>Tender offers will only be accepted if:</p> <ul style="list-style-type: none"> a) the tenderer has in his or her possession an original valid Tax Clearance Certificate issued by the South African Revenue Services or has made arrangements to meet outstanding tax obligations; b) the tenderer is registered with the Construction Industry Development Board in an appropriate contractor grading designation; c) the tenderer or any of its directors is not listed on the Register of Tender Defaulters in terms of the Prevention and Combating of Corrupt Activities Act of 2004 as a person prohibited from doing business with the public sector; d) the tenderer has not: <ul style="list-style-type: none"> i) abused the Employer's Supply Chain Management System; or ii) failed to perform on any previous contract and has been given a written notice to this effect; and e) has completed the Compulsory Enterprise Questionnaire and there are no conflicts of interest which may impact on the tenderer's ability to perform the contract in the best interests of the employer or potentially compromise the tender process.
F.3.18	The number of paper copies of the signed contract to be provided by the employer is one.

Sub – Annex: Standard Conditions of Tender

(As contained in Annexure F of the CIDB Standard for Uniformity in Construction Procurement)

(Compiler to reproduce this Annexure without alteration during the initial period of implementing the Standard for Uniformity in Construction Procurement)

F.1 General

F.1.1 Actions

The employer and each tenderer submitting a tender offer shall comply with these conditions of tender. In their dealings with each other, they shall discharge their duties and obligations as set out in F.2 and F.3, timeously and with integrity, and behave equitably, honestly and transparently.

F.1.2 Tender Documents

The documents issued by the employer for the purpose of a tender offer are listed in the tender data.

F.1.3 Interpretation

F.1.3.1 The tender data and additional requirements contained in the tender schedules that are included in the returnable documents are deemed to be part of these conditions of tender.

F.1.3.2 These conditions of tender, the tender data and tender schedules which are only required for tender evaluation purposes, shall not form part of any contract arising from the invitation to tender.

F.1.3.3 For the purposes of these conditions for the calling for expressions of interest, the following definitions apply:

- a) **comparative offer** means the tenderer's financial offer after the factors of non-firm prices, all unconditional discounts and any other tendered parameters that will affect the value of the financial offer have been taken into consideration
- b) **corrupt practice** means the offering, giving, receiving or soliciting of anything of value to influence the action of the employer or his staff or agents in the tender process; and
- c) **fraudulent practice** means the misrepresentation of the facts in order to influence the tender process or the award of a contract arising from a tender offer to the detriment of the employer, including collusive practices intended to establish prices at artificial levels
- d) **quality (functionality)** means the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs

F.1.4 Communication and employer's agent

Each communication between the employer and a tenderer shall be to or from the employer's agent only, and in a form that can be read, copied and recorded. Writing shall be in the English language. The employer shall not take any responsibility for non-receipt of communications from or by a tenderer. The name and contact details of the employer's agent are stated in the tender data.

F.1.5 The employer's right to accept or reject any tender offer

F.1.5.1 The employer may accept or reject any variation, deviation, tender offer, or alternative tender offer, and may cancel the tender process and reject all tender offers at any time before the formation of a contract. The employer shall not accept or incur any liability to a tenderer for such cancellation and rejection, but will give written reasons for such action upon written request to do so.

F.1.5.2 The employer may not subsequent to the cancellation or abandonment of a tender process or the rejection of all responsive tender offers re-issue a tender covering substantially the same scope of work within a period of six months unless only one tender was received and such tender was returned unopened to the tenderer.

F.2 Tenderer's obligations

F.2.1 Eligibility

Submit a tender offer only if the tenderer satisfies the criteria stated in the tender data and the tenderer, or any of his principals, is not under any restriction to do business with employer.

F.2.2 Cost of tendering

Accept that the employer will not compensate the tenderer for any costs incurred in the preparation and submission of a tender offer, including the costs of any testing necessary to demonstrate that aspects of the offer satisfy requirements.

F.2.3 Check documents

Check the tender documents on receipt for completeness and notify the employer of any discrepancy or omission.

F.2.4 Confidentiality and copyright of documents

Treat as confidential all matters arising in connection with the tender. Use and copy the documents issued by the employer only for the purpose of preparing and submitting a tender offer in response to the invitation.

F.2.5 Reference documents

Obtain, as necessary for submitting a tender offer, copies of the latest versions of standards, specifications, conditions of contract and other publications, which are not attached but which are incorporated into the tender documents by reference.

F.2.6 Acknowledge addenda

Acknowledge receipt of addenda to the tender documents, which the employer may issue, and if necessary apply for an extension to the closing time stated in the tender data, in order to take the addenda into account.

F.2.7 Clarification meeting

Attend, where required, a clarification meeting at which tenderers may familiarize themselves with aspects of the proposed work, services or supply and raise questions. Details of the meeting(s) are stated in the tender data.

F.2.8 Seek clarification

Request clarification of the tender documents, if necessary, by notifying the employer at least five working days before the closing time stated in the tender data.

F.2.9 Insurance

Be aware that the extent of insurance to be provided by the employer (if any) might not be for the full cover required in terms of the conditions of contract identified in the contract data. The tenderer is advised to seek qualified advice regarding insurance.

F.2.10 Pricing the tender offer

F.2.10.1 Include in the rates, prices, and the tendered total of the prices (if any) all duties, taxes (except Value Added Tax (VAT), and other levies payable by the successful tenderer, such duties, taxes and levies being those applicable 14 days before the closing time stated in the tender data.

F.2.10.2 Show VAT payable by the employer separately as an addition to the tendered total of the prices.

F.2.10.3 Provide rates and prices that are fixed for the duration of the contract and not subject to adjustment except as provided for in the conditions of contract identified in the contract data.

F.2.10.4 State the rates and prices in Rand unless instructed otherwise in the tender data. The conditions of contract identified in the contract data may provide for part payment in other currencies.

F.2.11 Alterations to documents

Not make any alterations or additions to the tender documents, except to comply with instructions issued by the employer, or necessary to correct errors made by the tenderer. All signatories to the tender offer shall initial all such alterations. Erasures and the use of masking fluid are prohibited.

F.2.12 Alternative tender offers

F.2.12.1 Submit alternative tender offers only if a main tender offer, strictly in accordance with all the requirements of the tender documents, is also submitted. The alternative tender offer is to be submitted with the main tender offer together with a schedule that compares the requirements of the tender documents with the alternative requirements the tenderer proposes.

F.2.12.2 Accept that an alternative tender offer may be based only on the criteria stated in the tender data or criteria otherwise acceptable to the employer.

F.2.13 Submitting a tender offer

F.2.13.1 Submit a tender offer to provide the whole of the works, services or supply identified in the contract data and described in the scope of works, unless stated otherwise in the tender data.

F.2.13.2 Return all returnable documents to the employer after completing them in their entirety, either electronically (if they were issued in electronic format) or by writing in black ink.

F.2.13.3 Submit the parts of the tender offer communicated on paper as an original plus the number of copies stated in the tender data, with an English translation of any documentation in a language other than English, and the parts communicated electronically in the same format as they were issued by the employer.

F.2.13.4 Sign the original and all copies of the tender offer where required in terms of the tender data. The employer will hold all authorized signatories liable on behalf of the tenderer. Signatories for tenderers proposing to contract as joint ventures shall state which of the signatories is the lead partner whom the employer shall hold liable for the purpose of the tender offer.

F.2.13.5 Seal the original and each copy of the tender offer as separate packages marking the packages as "ORIGINAL" and "COPY". Each package shall state on the outside the employer's address and identification details stated in the tender data, as well as the tenderer's name and contact address.

F.2.13.6 Where a two-envelope system is required in terms of the tender data, place and seal the returnable documents listed in the tender data in an envelope marked "financial proposal" and place the remaining returnable documents in an envelope marked "technical proposal". Each envelope shall state on the outside the employer's address and identification details stated in the tender data, as well as the tenderer's name and contact address.

F.2.13.7 Seal the original tender offer and copy packages together in an outer package that states on the outside only the employer's address and identification details as stated in the tender data.

F.2.13.8 Accept that the employer will not assume any responsibility for the misplacement or premature opening of the tender offer if the outer package is not sealed and marked as stated.

F.2.14 Information and data to be completed in all respects

Accept that tender offers, which do not provide all the data or information requested completely and in the form required, may be regarded by the employer as non-responsive.

F.2.15 Closing time

F.2.15.1 Ensure that the employer receives the tender offer at the address specified in the tender data not later than the closing time stated in the tender data. Proof of posting shall not be accepted as proof of delivery. The employer shall **not** accept tender offers submitted by telegraph, telex, facsimile or e-mail, unless stated otherwise in the tender data.

F.2.15.2 Accept that, if the employer extends the closing time stated in the tender data for any reason, the requirements of these conditions of tender apply equally to the extended deadline.

F.2.16 Tender offer validity

F.2.16.1 Hold the tender offer(s) valid for acceptance by the employer at any time during the validity period stated in the tender data after the closing time stated in the tender data.

F.2.16.2 If requested by the employer, consider extending the validity period stated in the tender data for an agreed additional period.

F.2.17 Clarification of tender offer after submission

Provide clarification of a tender offer in response to a request to do so from the employer during the evaluation of tender offers. This may include providing a breakdown of rates or prices and correction of arithmetical errors by the adjustment of certain rates or item prices (or both). No change in the total of the prices or substance of the tender offer is sought, offered, or permitted. The total of the prices stated by the tenderer shall be binding upon the tenderer.

Note: Sub-clause F.2.17 does not preclude the negotiation of the final terms of the contract with a preferred tenderer following a competitive selection process, should the Employer elect to do so.

F.2.18 Provide other material

F.2.18.1 Provide, on request by the employer, any other material that has a bearing on the tender offer, the tenderer's commercial position (including notarized joint venture agreements), preferencing arrangements, or samples of materials, considered necessary by the employer for the purpose of a full and fair risk assessment. Should the tenderer not provide the material, or a satisfactory reason as to why it cannot be provided, by the time for submission stated in the employer's request, the employer may regard the tender offer as non-responsive.

F.2.18.2 Dispose of samples of materials provided for evaluation by the employer, where required.

F.2.19 Inspections, tests and analysis

Provide access during working hours to premises for inspections, tests and analysis as provided for in the tender data.

F.2.20 Submit securities, bonds, policies, etc.

If requested, submit for the employer's acceptance before formation of the contract, all securities, bonds, guarantees, policies and certificates of insurance required in terms of the conditions of contract identified in the contract data.

F.2.21 Check final draft

Check the final draft of the contract provided by the employer within the time available for the employer to issue the contract.

F.2.22 Return of other tender documents

If so instructed by the employer, return all retained tender documents within 28 days after the expiry of the validity period stated in the tender data.

F.2.23 Certificates

Include in the tender submission or provide the employer with any certificates as stated in the tender data.

F.3 The employer's undertakings

F.3.1 Respond to clarification

Respond to a request for clarification received up to five working days before the tender closing time stated in the Tender Data and notify all tenderers who drew procurement documents.

F.3.2 Issue Addenda

If necessary, issue addenda that may amend or amplify the tender documents to each tenderer during the period from the date that tender documents are available until seven days before the tender closing time stated in the Tender Data. If, as a result a tenderer applies for an extension to the closing time stated in the Tender Data, the Employer may grant such extension and, shall then notify all tenderers who drew documents.

F.3.3 Return late tender offers

Return tender offers received after the closing time stated in the Tender Data, unopened, (unless it is necessary to open a tender submission to obtain a forwarding address), to the tenderer concerned.

F.3.4 Opening of tender submissions

F.3.4.1 Unless the two-envelope system is to be followed, open valid tender submissions in the presence of tenderers' agents who choose to attend at the time and place stated in the tender data. Tender submissions for which acceptable reasons for withdrawal have been submitted will not be opened.

F.3.4.2 Announce at the meeting held immediately after the opening of tender submissions, at a venue indicated in the tender data, the name of each tenderer whose tender offer is opened, the total of his prices, preferences claimed and time for completion, if any, for the main tender offer only.

F.3.4.3 Make available the record outlined in F.3.4.2 to all interested persons upon request.

F.3.5 Two-envelope system

F.3.5.1 Where stated in the tender data that a two-envelope system is to be followed, open only the technical proposal of valid tenders in the presence of tenderers' agents who choose to attend at the time and place stated in the tender data and announce the name of each tenderer whose technical proposal is opened.

F.3.5.2 Evaluate the quality of the technical proposals offered by tenderers, then advise tenderers who remain in contention for the award of the contract of the time and place when the financial proposals will be opened. Open only the financial proposals of tenderers, who score in the quality evaluation more than the minimum number of points for quality stated in the tender data, and announce the score obtained for the technical proposals and the total price and any preferences claimed. Return unopened financial proposals to tenderers whose technical proposals failed to achieve the minimum number of points for quality.

F.3.6 Non-disclosure

Not disclose to tenderers, or to any other person not officially concerned with such processes, information relating to the evaluation and comparison of tender offers, the final evaluation price and recommendations for the award of a contract, until after the award of the contract to the successful tenderer.

F.3.7 Grounds for rejection and disqualification

Determine whether there has been any effort by a tenderer to influence the processing of tender offers and instantly disqualify a tenderer (and his tender offer) if it is established that he engaged in corrupt or fraudulent practices.

F.3.8 Test for responsiveness

F.3.8.1 Determine, on opening and before detailed evaluation, whether each tender offer properly received:

- a) complies with the requirements of these Conditions of Tender,
- b) has been properly and fully completed and signed, and
- c) is responsive to the other requirements of the tender documents.

F.3.8.2 A responsive tender is one that conforms to all the terms, conditions, and specifications of the tender documents without material deviation or qualification. A material deviation or qualification is one which, in the Employer's opinion, would:

- a) detrimentally affect the scope, quality, or performance of the works, services or supply identified in the Scope of Work,
- b) change the Employer's or the tenderer's risks and responsibilities under the contract, or
- c) affect the competitive position of other tenderers presenting responsive tenders, if it were to be rectified.

Reject a non-responsive tender offer, and not allow it to be subsequently made responsive by correction or withdrawal of the non-conforming deviation or reservation.

F.3.9 Arithmetical errors

F.3.9.1 Check responsive tender offers for arithmetical errors, correcting them in the following manner:

- a) Where there is a discrepancy between the amounts in figures and in words, the amount in words shall govern.
- b) If bills of quantities (or schedule of quantities or schedule of rates) apply and there is an error in the line item total resulting from the product of the unit rate and the quantity, the line item total shall govern and the rate shall be corrected. Where there is an obviously gross misplacement of the decimal point in the unit rate, the line item total as quoted shall govern, and the unit rate shall be corrected.
- c) Where there is an error in the total of the prices either as a result of other corrections required by this checking process or in the tenderer's addition of prices, the total of the prices shall govern and the tenderer will be asked to revise selected item prices (and their rates if bills of quantities apply) to achieve the tendered total of the prices.

F.3.9.2 Consider the rejection of a tender offer if the tenderer does not correct or accept the correction of his arithmetical errors in the manner described in F.3.9.1.

F.3.10 Clarification of a tender offer

Obtain clarification from a tenderer on any matter that could give rise to ambiguity in a contract arising from the tender offer.

F.3.11 Evaluation of tender offers

F.3.11.1 General

Appoint an evaluation panel of not less than three persons. Reduce each responsive tender offer to a comparative offer and evaluate it using the tender evaluation method that is indicated in the Tender Data and described below:

Method 1: Financial offer	1) Rank tender offers from the most favourable to the least favourable comparative offer.
	2) Recommend highest ranked tenderer for the award of the contract, unless there are compelling and justifiable reasons not to do so.
Method 2: Financial offer and preferences	1) Score tender evaluation points for financial offer.
	2) Confirm that tenderers are eligible for the preferences claimed and if so, score tender evaluation points for preferencing.
	3) Calculate total tender evaluation points.
	4) Rank tender offers from the highest number of tender evaluation points to the lowest.
	5) Recommend tenderer with the highest number of tender evaluation points for the award of the contract, unless there are compelling and justifiable reasons not to do so.
Method 3: Financial offer and quality	1) Score quality, rejecting all tender offers that fail to score the minimum number of points for quality stated in the Tender data.
	2) Score tender evaluation points for financial offer.
	3) Calculate total tender evaluation points.
	4) Rank tender offers from the highest number of tender evaluation points to the lowest.
	5) Recommend tenderer with the highest number of tender evaluation points for the award of the contract, unless there are compelling and justifiable reasons not to do so.

Method 4: Financial offer, quality and preferences	1) Score quality, rejecting all tender offers that fail to score the minimum number of points for quality stated in the Tender data.
	2) Score tender evaluation points for financial offer.
	3) Confirm that tenderers are eligible for the preferences claimed, and if so, score tender evaluation points for preferencing.
	4) Calculate total tender evaluation points.
	5) Rank tender offers from the highest number of tender evaluation points to the lowest.
	6) Recommend tenderer with the highest number of tender evaluation points for the award of the contract, unless there are compelling and justifiable reasons not to do so.

Score financial offers, preferences and quality, as relevant, to two decimal places.

F.3.11.2 Scoring Financial Offers

Score the financial offers of remaining responsive tender offers using the following formula:

$N_{FO} = W_1 \times A$ where:

N_{FO} = the number of tender evaluation points awarded for the financial offer.

W_1 = the maximum possible number of tender evaluation points awarded for the financial offer as stated in the Tender Data.

A = a number calculated using either formulas 1 or 2 below as stated in the Tender Data.

Formula	Comparison aimed at achieving	Option 1	Option 2
1	Highest price or discount	$A = (1 + \frac{P - P_m}{P_m})$	$A = P / P_m$

2	Lowest price or percentage commission / fee	$A = (1 - \frac{P - P_m}{P})$ Pm	$A = P_m / P$
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where:

P_m = the comparative offer of the most favourable tender offer.

P = the comparative offer of tender offer under consideration.

F.3.11.3 Scoring quality (functionality)

Score quality in each of the categories in accordance with the Tender Data and calculate total score for quality.

F.3.12 Insurance provided by the employer

If requested by the proposed successful tenderer, submit for the tenderer's information the policies and / or certificates of insurance which the conditions of contract identified in the contract data, require the employer to provide.

F.3.13 Acceptance of tender offer

F.3.13.1 Accept tender offer only if the tenderer complies with the legal requirements stated in the Tender Data.

F.3.13.2 Notify the successful tenderer of the employer's acceptance of his tender offer by completing and returning one copy of the form of offer and acceptance before the expiry of the validity period stated in the tender data, or agreed additional period. Providing the form of offer and acceptance does not contain any qualifying statements, it will constitute the formation of a contract between the employer and the successful tenderer as described in the form of offer and acceptance.

F.3.14 Notice to unsuccessful tenderers

After the successful tenderer has acknowledged the employer's notice of acceptance, notify other tenderers that their tender offers have not been accepted.

F.3.15. Prepare contract documents

If necessary, revise documents that shall form part of the contract and that were issued by the employer as part of the tender documents to take account of:

- a) addenda issued during the tender period,
- b) inclusion of some of the returnable documents,
- c) other revisions agreed between the employer and the successful tenderer, and
- d) the schedule of deviations attached to the form of offer and acceptance, if any.

F.3.16 Issue final contract

Prepare and issue the final draft of contract documents to the successful tenderer for acceptance as soon as possible after the date of the employer's signing of the form of offer and acceptance (including the schedule of deviations, if any). Only those documents that the conditions of tender require the tenderer to submit, after acceptance by the employer, shall be included.

F.3.17 Complete adjudicator's contract

Unless alternative arrangements have been agreed or otherwise provided for in the contract, arrange for both parties to complete formalities for appointing the selected adjudicator at the same time as the main contract is signed.

F.3.18 Provide copies of the contracts

Provide to the successful tenderer the number of copies stated in the Tender Data of the signed copy of the contract as soon as possible after completion and signing of the form of offer and acceptance.

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

T2.1 List of Returnable Documents

The tenderer must complete the following returnable documents:

1 Returnable Schedules required only for tender evaluation purposes

- Certificate of authority for joint ventures (where applicable)
- Compulsory Enterprise Questionnaire
- Record of Addenda to Tender Documents
- Proposed Amendments and Qualifications
- Schedule of Subcontractors
- Schedule of Plant and Equipment
- Schedule of the Tenderer's Experience

(Compiler to list all schedules required for tender evaluation purposes. In quotations only the Compulsory Enterprise Questionnaire must be included. In competitive tenders, the first four documents must be included.)

2 Other documents required only for tender evaluation purposes

- Proof of registration for regional levies if a preference is claimed for being registered in the Mphumalanga Province.
- Certificate of Contractor Registration issued by the Construction Industry Development Board
- An original valid Tax Clearance Certificate issued by the South African Revenue Services.

(Compiler to list all certificates and other documents that are required.)

3 Returnable Schedules that will be incorporated into the contract

- Preferencing Schedule (direct preferences) / Preferencing Schedule (contract participation goals)

(Compiler to list all schedules that will be incorporated into the contract)

4 Other documents that will be incorporated into the contract

(Compiler to list all documents that will be incorporated into the contract)

5 The offer portion of the C1.1 Offer and Acceptance

6 C1.2 Contract Data (Part 2)

7 C2.2 Bills of quantities

Record of Addenda to tender documents

We confirm that the following communications received from the Employer before the submission of this tender offer, amending the tender documents, have been taken into account in this tender offer:

	Date	Title or Details
1.		
2.		
3.		
4.		
5.		

6.			
7.			
8.			
Attach additional pages if more space is required.			
Signed		Date	
Name		Position	
Tenderer			

Compulsory Enterprise Questionnaire

The following particulars must be furnished. In the case of a joint venture, **separate** enterprise questionnaires in respect of each partner must be completed and submitted.

Section 1: Name of enterprise:

Section 2: VAT registration number, if any:

Section 3: CIDB registration number, if any:

Section 4: Particulars of sole proprietors and partners in partnerships

Name*	Identity number*	Personal income tax number*

* Complete only if sole proprietor or partnership and attach separate page if more than 3 partners

Section 5: Particulars of companies and close corporations

Company registration number

Close corporation number

Tax reference number

Section 6: Record in the service of the state

Indicate by marking the relevant boxes with a cross, if any sole proprietor, partner in a partnership or director, manager, principal shareholder or stakeholder in a company or close corporation is currently or has been within the last 12 months in the service of any of the following:

<input type="checkbox"/> a member of any municipal council <input type="checkbox"/> a member of any provincial legislature <input type="checkbox"/> a member of the National Assembly or the National Council of Province <input type="checkbox"/> a member of the board of directors of any municipal entity <input type="checkbox"/> an official of any municipality or municipal entity	<input type="checkbox"/> an employee of any provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act 1 of 1999) <input type="checkbox"/> a member of an accounting authority of any national or provincial public entity
--	---

	<input type="checkbox"/> an employee of Parliament or a provincial legislature
--	--

If any of the above boxes are marked, disclose the following:

Name of sole proprietor, partner, director, manager, principal shareholder or stakeholder	Name of institution, public office, board or organ of state and position held	Status of service (tick appropriate column)	
		Current	Within last 12 months

*insert separate page if necessary

Section 7: Record of spouses, children and parents in the service of the state

Indicate by marking the relevant boxes with a cross, if any spouse, child or parent of a sole proprietor, partner in a partnership or director, manager, principal shareholder or stakeholder in a company or close corporation is currently or has been within the last 12 months been in the service of any of the following:

<input type="checkbox"/> a member of any municipal council <input type="checkbox"/> a member of any provincial legislature <input type="checkbox"/> a member of the National Assembly or the National Council of Province	<input type="checkbox"/> an employee of any provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act
---	--

<input type="checkbox"/> a member of the board of directors of any municipal entity <input type="checkbox"/> an official of any municipality or municipal entity	1 of 1999) <input type="checkbox"/> a member of an accounting authority of any national or provincial public entity <input type="checkbox"/> an employee of Parliament or a provincial legislature
---	--

Name of spouse, child or parent	Name of institution, public office, board or organ of state and position held	Status of service (tick appropriate column)	
		Current	Within last 12 months

*insert separate page if necessary

The undersigned, who warrants that he / she is duly authorised to do so on behalf of the enterprise:

i) authorizes the Employer to obtain a tax clearance certificate from the South African Revenue Services that my / our tax matters are in order;

ii) confirms that the neither the name of the enterprise or the name of any partner, manager, director or other person, who wholly or partly exercises, or may exercise, control over the enterprise appears on the Register of Tender Defaulters established in terms of the Prevention and Combating of Corrupt Activities Act of 2004;

iii) confirms that no partner, member, director or other person, who wholly or partly exercises, or may exercise, control over the enterprise appears, has within the last five years been convicted of fraud

or corruption;

iv) confirms that I / we are not associated, linked or involved with any other tendering entities submitting tender offers and have no other relationship with any of the tenderers or those responsible for compiling the scope of work that could cause or be interpreted as a conflict of interest; and

iv) confirms that the contents of this questionnaire are within my personal knowledge and are to the best of my belief both true and correct.

Signed		Date	
Name		Position	
Enterprise name			

Certificate of Authority for Joint Ventures

This Returnable Schedule is to be completed by joint ventures.

We, the undersigned, are submitting this tender offer in Joint Venture and hereby authorise Mr/Ms
..... , authorised signatory of the company
..... , acting in the capacity of lead partner, to sign all
documents in connection with the tender offer and any contract resulting from it on our behalf.

NAME OF FIRM	ADDRESS	DULY AUTHORISED SIGNATORY
Lead partner		Signature. Name Designation
		Signature. Name Designation

		Signature. Name Designation
		Signature. Name Designation

Schedule of Proposed Subcontractors

We notify you that it is our intention to employ the following Subcontractors for work in this contract.

If we are awarded a contract we agree that this notification does not change the requirement for us to submit the names of proposed Subcontractors in accordance with requirements in the contract for such appointments. If there are no such requirements in the contract, then your written acceptance of this list shall be binding between us.

We confirm that all Subcontractors who are contracted to construct a house are registered as home builders with the National Home Builders Registration Council.

	Name and address of proposed Subcontractor	Nature and extent of work	Previous experience with Subcontractor.
1.			
2.			
3.			
4.			

5.			
Signed		Date	
Name		Position	
Tenderer			

Schedule of Plant and Equipment

The following are lists of major items of relevant equipment that I / we presently own or lease and will have available for this contract or will acquire or hire for this contract if my / our tender is accepted.

(a) Details of major equipment that is owned by and immediately available for this contract.

Quantity	Description, size, capacity, etc.

Attach additional pages if more space is required.

(b) Details of major equipment that will be hired, or acquired for this contract if my / our tender is acceptable.

Quantity	Description, size, capacity, etc.

Signed		Date	
Name		Position	
Tenderer			

Schedule of the Tenderer's Experience

The following is a statement of similar work successfully executed by myself / ourselves:

Employer, contact person and telephone number.	Description of contract	Value of work inclusive of VAT (Rand)	Date complete d

Signed		Date	
Name		Position	
Tenderer			

Proposed amendments and qualifications

The Tenderer should record any deviations or qualifications he may wish to make to the tender documents in this Returnable Schedule. Alternatively, a tenderer may state such deviations and qualifications in a covering letter to his tender and reference such letter in this schedule.

The Tenderer's attention is drawn to clause F.3.8 of the Standard Conditions of Tender referenced in the Tender Data regarding the employer's handling of material deviations and qualifications.

Page	Clause or item	Proposal

Signed		Date	
Name		Position	
Tenderer			

Preferencing schedule (direct preference)

1 Definitions

The following definitions shall apply to this schedule:

Disabled: in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.

Equity ownership: The percentage of an enterprise or business owned by individuals or, in respect of a company, the percentage of the company's shares that are owned by individuals, who are actively involved in the management of an enterprise or business and exercise control over the enterprise, commensurate with their degree of ownership at the closing date of the tender.

Note: All claims for HDI / youth equity ownership by an HDI / Youth will be considered according to the following criteria:

- equity within private companies will be based on the percentage of equity ownership;
- preference points will not be awarded to public companies and tertiary institutions;
- equity claims for a trust will only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust (i.e. the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person);
- and
- a joint venture may, based on the percentage of the contract value managed or executed by their HDI / Youth members, be entitled to equity ownership.

Historically disadvantaged individual (HDI): A South African citizen

- a) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the RSA, 1983 (Act 110 of 1983) or the Constitution of the RSA, 1993 (Act 200 of 1993) (the interim Constitution), or
- b) who is a female; or
- c) who has a disability:

provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI;

joint venture: a grouping of two or more contractors who jointly and severally undertake to perform a

construction works contract.

managed: the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous exercise of appropriate managerial and financial authority and power in determining the policies and directing the operations of the business.

owner: A person who has all the customary incidents of ownership, including the right of disposition, and sharing in all the risks and profits commensurate with the degree of ownership interest as demonstrated by an examination of the substance, rather than the form of ownership arrangements.

Registered contractor: a contractor registered with the Construction Industry Development Board in a contractor grading designation appropriate to the works.

SMME: A sole trader, partnership or legal entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried out in any sector or sub sector of the economy mentioned in column 1 of the Schedule and which can be classified as a micro - a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule

Schedule

Column 1	Column 2	Column 3	Column 4	Column 5
SECTOR OR SUB-SECTORS IN ACCORDANCE WITH THE STANDARD INDUSTRIAL CLASSIFICATION	SIZE OR CLASS	TOTAL FULL-TIME EQUIVALENT OF PAID EMPLOYEES LESS THAN	TOTAL ANNUAL TURNOVER LESS THAN	TOTAL GROSS ASSET VALUE (FIXED PROPERTY EXCLUDED) LESS THAN
Construction	Medium	200	R26,00 m	R5,00 m
	Small	50	R 6,00 m	R1,00 m
	Very small	20	R 3,00 m	R0,50 m
	Micro	5	R 0,20 m	R0,10 m

Youth: A South African citizen who is between the age of 18 and 35 at the time that tenders close.

2 Conditions associated with the granting of preferences

The tenderer who claims a preference, undertakes to:

- 1) not subcontract more than 25% of the contract price, unless such contracting is undertaken in terms of a preference claimed.
- 2) maintain a HDI / Youth or youth equity ownership of not less than that upon which the preference is based for the duration of the Contract, or in the case of a joint venture, ensure that the percentage of the contract value managed or executed by HDI's and Youth is not less than that upon which the preference is based;
- 3) accept the sanctions set out in Section 3 below should conditions 1 or 2 be breached;
- 4) complete sections 4 to 7 below as relevant;
- 5) enter into written subcontract agreements in accordance with the provisions of the Construction Industry Development Board's Best Practice Guideline D1: Subcontracting Arrangements; and
- 6) complete the Declaration with regard to Equity Ownership contained in section 5 below.
- 7) Provide proof of registration for regional levies if a preference is claimed for being registered in the Free State Province.

3 Sanctions relating to breaches of preferencing conditions

The sanctions for breaching the preferencing conditions are:

- 1) termination of the Contract; or
- 2) A financial penalty payable to the Employer equal to 1,25 times the number of tender evaluation points awarded in respect of the preference claimed, multiplied by the Contract Price exclusive of VAT, divided by 100.

4 Tender preference claim in respect of HDI / youth enterprise status or structure of the tendering entity

Number of preference points = $\text{NOP} \times \text{EP} / 100$

NOP = maximum tender evaluation points provided for HDI / Youth equity ownership

EP = the percentage of equity ownership by an HDI / Youth within the business enterprise or, in the case of a joint venture, the percentage of the contract value managed or executed by their HDI / Youth members.

I/we apply on behalf of my/our firm for a preference based on:

Non-joint ventures

HDI equity ownership percentage of%

Youth equity ownership percentage of%

Joint Ventures

The percentage of the contract value managed or executed by their HDI members of%

The percentage of the contract value managed or executed by their Youth members of%

5 Tender preferences claimed

I / we apply on behalf of my / our firm for the following preference:

Category of preference	Percentage of maximum tender evaluation points provided for in the Preferential Procurement Policy Framework Act (Act 5 of 2000) <i>(Compiler to insert percentages)</i>	Preference claimed for Category of Preference (Y=yes)
Having HDI equity ownership as set out in 4 above		
Having Youth equity ownership as set out in 4 above		

Having a CIDB Contractor grading designation of (Compiler to insert contractor grading designation which should not be more than one above the estimated designation required for the contract)		
SMME status Micro Very small Small Medium		
Undertaking to subcontract the following to registered contractors: 40% of the contract price 30% of the contract price 10% of the contract price		
Having a head office in Free State Province		

6 Declaration with regard to equity ownership

6.1 How long has the Company been in existence ?.

6.2 Describe principal business activities:

.....

.....

.....

6.3 List all shareholders by name, identity number, citizenship, status, ownership, as relevant

Name	Status				ID number	Date RSA Citizenship obtained	Percentage owned
	Woman	Black person	Youth	Disability			

6.4 In the case of a person with a disability:

Name	Describe what the permanent impairment is.	Outline how the permanent impairment impacts on ability to perform an activity in the manner or within the ranges considered normal for a human being?

7 SMME criteria

Provide the following information:

TOTAL FULL-TIME EQUIVALENT OF PAID EMPLOYEES	TOTAL ANNUAL TURNOVER	TOTAL GROSS ASSET VALUE (FIXED PROPERTY EXCLUDED)

The undersigned, who warrants that he / she is duly authorised to do so on behalf of the firm or sole proprietor confirms that he / she understands the conditions under which such preferences are granted and confirms that the tenderer satisfies the conditions pertaining to the granting of tender preferences.

Signature :

Name :

Duly authorised to sign on behalf of :

Telephone :

Fax :

Date :

Preferencing Schedule (Contract Participation Goals)

1. DEFINITIONS

The following definitions shall apply to this schedule:

(Compiler to insert definition for Targeted Enterprises and / or Targeted Labour, as appropriate).

2. CONDITIONS ASSOCIATED WITH THE GRANTING OF PREFERENCES

The Tenderer, undertakes to:

- 1) engage one or more Targeted Enterprises / Targeted Labour *(compiler to adjust as necessary)* in accordance with the provisions of the SANS 1914- *(compiler to insert part number and title as relevant)* as varied in Section 3 hereunder;
- 2) deliver to the Employer, within 5 working days of being requested in writing to do so, a completed Joint Venture Disclosure Form (Annex D of SANS 1914-1) and a Joint Venture Agreement, should a joint venture be proposed at prime contract level with Targeted Partners to satisfy Contract Participation Goal undertakings *(compiler to adjust wording to reflect documentation that is required or delete)*;
- 3) deliver to the Employer, within 5 working days of being requested in writing to do so, a Targeted Enterprise Declaration Affidavit in respect of all Targeted Enterprises engaged at prime contract level to satisfy Contract Participation Goal undertakings *(compiler to delete if not required)*;
- 4) accept the sanctions set out in Section 4 below should such conditions be breached;
- 5) complete the Tender Preference Claim Form contained in Section 5 below; and
- 6) Complete the Supporting Contract Participation Goal Calculation contained in this schedule.

3. VARIATIONS TO THE TARGETED CONSTRUCTION PROCUREMENT

SPECIFICATION SANS 1914- *(compiler to insert part number)*

The variations to SANS 1914- *(compiler to insert part number)* are set out below. Should any requirements of the variations conflict with requirements of SANS 1914- *(compiler to insert part number and title as relevant)*, the requirements of the variations shall prevail.

(Compiler to insert variations if any. If none, insert "There are no variations".)

4. SANCTIONS

In the event that the Tenderer fails to substantiate that any failure to achieve the Contract Participation Goal relating to the granting of a preference was due to quantitative under runs, the

elimination of items, or any other reason beyond the Contractor's control which may be acceptable to the Employer, it shall be liable to pay to the Employer a financial penalty calculated in the following manner:

$$P = \frac{0,15 \times (D - D_o) \times N_A}{(100)}$$

Where D = tendered Contract Participation Goal percentage.

D_o = the Contract Participation Goal which the Employer's representative based on the credits passed, certifies as being achieved upon completion of the Contract.

N_A = Net Amount

P = Rand value of penalty payable

5 TENDER PREFERENCE CLAIM IN RESPECT OF ENTERPRISE STATUS OR STRUCTURE OF THE TENDERING ENTITY

I / we hereby tender a Contract Participation Goal of% in order to claim a preference.

The undersigned, who warrants that he / she is duly authorised to do so on behalf of the firm or sole proprietor confirms that he / she understands the conditions under which such preferences are granted and confirms that the tenderer satisfies the conditions pertaining to the granting of tender preferences.

Signature

Name

Duly authorised to sign on behalf of

Telephone :

Fax :

Date :

SUPPORTING CONTRACT PARTICIPATION GOAL CALCULATION

(Compiler to insert Annex A: Tendered goal calculation from relevant part of SANS 1914)

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

C1.1 Form of Offer and Acceptance

Offer

The employer, identified in the acceptance signature block, has solicited offers to enter into a contract for the procurement of:

.....

(Compiler to insert reference number and title of contract)

The tenderer, identified in the offer signature block, has examined the documents listed in the tender data and addenda thereto as listed in the returnable schedules, and by submitting this offer has accepted the conditions of tender.

By the representative of the tenderer, deemed to be duly authorized, signing this part of this form of offer and acceptance, the tenderer offers to perform all of the obligations and liabilities of the contractor under the contract including compliance with all its terms and conditions according to their true intent and meaning for an amount to be determined in accordance with the conditions of contract identified in the contract data.

THE OFFERED TOTAL OF THE PRICES INCLUSIVE OF VALUE ADDED TAX IS:

..... Rand (in words); R ..
..... (in figures)

This offer may be accepted by the employer by signing the acceptance part of this form of offer and acceptance and returning one copy of this document to the tenderer before the end of the period of validity stated in the tender data, whereupon the tenderer becomes the party named as the contractor in the conditions of contract identified in the contract data.

Signature Date

Name

Capacity

for the tenderer

(Name and

address of

organization)

.....

Name and

signature

Of witness

Acceptance

By signing this part of this form of offer and acceptance, the employer identified below accepts the

tenderer's offer. In consideration thereof, the employer shall pay the contractor the amount due in accordance with the conditions of contract identified in the contract data. Acceptance of the tenderer's offer shall form an agreement between the employer and the tenderer upon the terms and conditions contained in this agreement and in the contract that is the subject of this agreement.

The terms of the contract, are contained in:

- Part C1: Agreements and contract data, (which includes this agreement)
- Part C2: Pricing data
- Part C3: Scope of work.
- Part C4: Site information

And drawings and documents or parts thereof, which may be incorporated by reference into Parts 1 to 4 above.

Deviations from and amendments to the documents listed in the tender data and any addenda thereto as listed in the tender schedules as well as any changes to the terms of the offer agreed by the tenderer and the employer during this process of offer and acceptance, are contained in the schedule of deviations attached to and forming part of this agreement. No amendments to or deviations from said documents are valid unless contained in this schedule.

The tenderer shall within two weeks after receiving a completed copy of this agreement, including the schedule of deviations (if any), contact the employer's agent (whose details are given in the contract data) to arrange the delivery of any bonds, guarantees, proof of insurance and any other documentation to be provided in terms of the conditions of contract identified in the contract data. Failure to fulfil any of these obligations in accordance with those terms shall constitute a repudiation of this agreement.

Notwithstanding anything contained herein, this agreement comes into effect on the date when the tenderer receives one fully completed original copy of this document, including the schedule of deviations (if any). Unless the tenderer (now contractor) within five working days of the date of such receipt notifies the employer in writing of any reason why he cannot accept the contents of this

agreement, this agreement shall constitute a binding contract between the parties.

Signature Date

Name

Capacity

for the

Employer Technical Department

..... Building

..... Street

Mkhuhlu

(Compiler to confirm correctness of address)

Name and

signature

of witness

Date

Schedule of Deviations

1 Subject

Details

.....

.....

.....

2 Subject

Details

.....

.....

.....

3 Subject

Details

.....

.....

.....

4 Subject

Details

.....

.....

.....

5 Subject

Details

.....

.....

.....

By the duly authorised representatives signing this agreement, the employer and the tenderer agree to and accept the foregoing schedule of deviations as the only deviations from and amendments to the documents listed in the tender data and addenda thereto as listed in the tender schedules, as well as any confirmation, clarification or changes to the terms of the offer agreed by the tenderer and the

employer during this process of offer and acceptance.

It is expressly agreed that no other matter whether in writing, oral communication or implied during the period between the issue of the tender documents and the receipt by the tenderer of a completed signed copy of this Agreement shall have any meaning or effect in the contract between the parties arising from this agreement.

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

C1.2 Contract Data

(Compiler to include where GCC 2004 is used)

The General Conditions of Contract for Construction Works (2004) published by the South African Institution of Civil Engineering, is applicable to this contract. Copies of these conditions of contract may be obtained from the South African Institution of Civil Engineering (tel 011-805 5947).

The General Conditions of Contract for Construction Works make several references to the Contract Data for specific data, which together with these conditions collectively describe the risks, liabilities and obligations of the contracting parties and the procedures for the administration of the Contract. The Contract Data shall have precedence in the interpretation of any ambiguity or inconsistency between it and the general conditions of contract.

Each item of data given below is cross-referenced to the clause in the General Conditions of Contract for Construction Works to which it mainly applies.

	The variations to the General Conditions of Contract are:
4.5.2	Replace the term “Safety” with “Occupational Health and Safety”
49.6.1 to	Replace the term “Bank” with “Bank or Insurance Company”

4.9.6.3	
55.1.8	<p>Replace sub-clause with:</p> <p>The Contractor or anyone on his behalf or in his employ would pay, offer or offer as payment to any person in the employ of the Employer, or in the employ of the Engineer, a gratuity or reward or commission.</p> <p><i>(Compiler to include the following in high value roads contracts that do not involve buildings)</i></p> <p>A Retention Guarantee must be furnished for the defects liability period.</p>
49.6	
42	<p>The additional clauses to the General Conditions of Contract are:</p> <p><i>(Compiler to include the following in building and civil engineering contracts where the COLTO Standard Specification for Road and Bridge Works for State Authorities (1998 edition) is not used and suitable rainfall records are available from a suitable rainfall station near the site.)</i></p> <p>Extensions of time in respect of clause 42 in respect of abnormal rainfall shall be calculated using the following formula for each calendar month or part thereof:</p> $V = (Nw - Nn) + \frac{(Rw - Rn)}{X}$ <p>Where:</p> <p>V = Extension of time in calendar days in respect of the calendar month under consideration.</p> <p>Nw = Actual number of days during the calendar month on which a rainfall of 10 mm or</p>

	<p>more has been recorded.</p> <p>Nn = Average number of days in the relevant calendar month , as derived from existing rainfall records, as stated in the Site Information, on which a rainfall of 20mm or more has been recorded for the calendar month.</p> <p>Rw = Actual average rainfall in mm recorded for the calendar month under consideration.</p> <p>Rn = Average rainfall in mm for the calendar month as derived from existing rainfall records as stated in the Site Information.</p> <p>For purposes of the Contract Nn, Rn, X and Y shall have those values assigned to them in the Appendix and/or the Specification.</p> <p>If V is negative and its absolute value exceeds Nn, then V shall be taken as equal to minus Nn.</p> <p>The total extension of time shall be the algebraic sum of all monthly totals for the period under consideration, but if the total is negative, the time for completion shall not be reduced due to Subnormal rainfall.</p> <p>Extensions of time for part of a month shall be calculated using pro rata values of Nn and Rn.</p> <p>This formula does not take account flood damage which could cause further or concurrent delays and will be treated separately as far as extension of time is concerned.</p> <p>The factor (Nw – Nn) shall be considered to represent a fair allowance for variations from the average in the number of days during which rainfall exceeds 10 mm. The factor (Rw-Rn) shall be considered to represent a fair allowance for variations from the average in the number of days during which the rainfall did not exceed 10 mm but wet conditions prevented or disrupted work.</p>
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	<p>For the purpose of applying the formula, accurate rain gauging shall be taken at a suitable point on the Site and the Contractor shall at his own expense, take all necessary precautions to ensure that rain gauges cannot be interfered with by unauthorized persons.</p> <p><i>(Compiler to include the following in building and civil engineering contracts where the COLTO Standard Specification for Road and Bridge Works for State Authorities (1998 edition) is not used and no suitable rainfall records are available from a suitable rainfall station near the site. Compiler to insert suitable data)</i></p> <p>A delay caused by inclement weather conditions will be regarded as a delay only if, in the opinion of the engineer, all progress on an item or items of work on the critical path of the working programme of the contractor has been brought to a halt. Delays on working days only (based on a five-day working week) will be taken into account for the extension of time, but the contractor shall make provision in his programme of work for an expected delay of "n" working days caused by normal rainy weather, for which he will not receive any extension of time, where "n" equals days. Extension of time during working days will be granted to the degree to which actual delays, as defined above, exceed the number of "n" workings days as mentioned in the project specifications.</p> <p><i>(Compiler to include the following in all contracts involving Learner Contracting Companies)</i></p> <p>Mentoring of learners</p> <p>Definition</p> <p>Mentor means an experienced and trusted advisor appointed by the National Department of Public Works and tasked with the provision of assistance to the Learners and Learner Contracting Companies in the planning, execution and management of the on-site training projects.</p>
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	<p>Objectives of mentorship services</p> <p>The National Department of Public Works’ objective in appointing a Mentor is to:</p> <ul style="list-style-type: none"> a) minimize the Public Body’s risk of the projects not being constructed to stated requirements, within budget and on time; b) provide access to project and commercial expertise that Learner Contracting Companies may lack during the execution of the three projects which form an integral part of the EPWP Contractor Learner ship Programme outlined in Annex A; c) capacitate Leaner Contracting Companies to successfully complete their contracts with the Public Body and to work independently and profitably; and d) Identify learners who do not satisfy the requirements of the EPWP Learner ship Programme and as such be removed from the programme. <p>Authority of mentors</p> <p>The Mentor has no authority to relieve the Contractor or the Employer of any of his obligations under the Contract.</p> <p><i>(Compiler to include the following in <u>all</u> contracts falling under the EPWP programme)</i></p> <p>Payment for the labour-intensive component of the works</p> <p>Payment for works identified in the Scope of Work as being labour-intensive shall only be made in accordance with the provisions of the Contract if the works are constructed strictly in accordance with the provisions of the scope of work. Any non-payment for such works shall not relieve the Contractor in any way from his obligations either in contract or in depict.</p> <p>Applicable labour laws</p> <p>The Ministerial Determination, Special Public Works Programmes, issued in terms of the Basic Conditions of Employment Act of 1997by the Minister of Labour in Government Notice</p>
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	<p>N° R63 of 25 January 2002, as reproduced below, shall apply to works described in the scope of work as being labour intensive and which are undertaken by unskilled or semi-skilled workers.</p> <p>1 Introduction</p> <p>1.1 This document contains the standard terms and conditions for workers employed in elementary occupations on a Special Public Works Programme (SPWP). These terms and conditions do NOT apply to persons employed in the supervision and management of a SPWP.</p> <p>1.2 In this document –</p> <ul style="list-style-type: none"> (a) “department” means any department of the State, implementing agent or contractor; (b) “employer” means any department, implementing agency or contractor that hires workers to work in elementary occupations on a SPWP; (c) “worker” means any person working in an elementary occupation on a SPWP; (d) “elementary occupation” means any occupation involving unskilled or semi-skilled work; (e) “management” means any person employed by a department or implementing agency to administer or execute an SPWP; (f) “task” means a fixed quantity of work; (g) “task-based work” means work in which a worker is paid a fixed rate for performing a task; (h) “task-rated worker” means a worker paid on the basis of the number of tasks completed; (i) “time-rated worker” means a worker paid on the basis of the length of time worked. <p>2 Terms of Work</p> <p>2.1 Workers on a SPWP are employed on a temporary basis.</p> <p>2.2 A worker may NOT be employed for longer than 24 months in any five-year cycle on a SPWP.</p> <p>2.3 Employment on a SPWP does not qualify as employment as a contributor for the purposes of the Unemployment Insurance Act 30 of 1966.</p>
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3 Normal Hours of Work

3.1 An employer may not set tasks or hours of work that require a worker to work–

- (a) more than forty hours in any week
- (b) on more than five days in any week; and
- (c) For more than eight hours on any day.

3.2 An employer and worker may agree that a worker will work four days per week. The worker may then work up to ten hours per day.

3.3 A task-rated worker may not work more than a total of 55 hours in any week to complete the tasks allocated (based on a 40-hour week) to that worker.

4 Meal Breaks

4.1 A worker may not work for more than five hours without taking a meal break of at least thirty minutes duration.

4.2 An employer and worker may agree on longer meal breaks.

4.3 A worker may not work during a meal break. However, an employer may require a worker to perform duties during a meal break if those duties cannot be left unattended and cannot be performed by another worker. An employer must take reasonable steps to ensure that a worker is relieved of his or her duties during the meal break.

4.4 A worker is not entitled to payment for the period of a meal break. However, a worker who is paid on the basis of time worked must be paid if the worker is required to work or to be available for work during the meal break.

5 Special Conditions for Security Guards

5.1 A security guard may work up to 55 hours per week and up to eleven hours per day.

5.2 A security guard who works more than ten hours per day must have a meal break of at least one hour or two breaks of at least 30 minutes each.

6 Daily Rest Period

Every worker is entitled to a daily rest period of at least eight consecutive hours. The daily rest period is measured from the time the worker ends work on one day until the time the worker starts work on the next day.

7 Weekly Rest Period

Every worker must have two days off every week. A worker may only work on their day off to perform work which must be done without delay and cannot be performed by workers during their ordinary hours of work ("emergency work").

8 Work on Sundays and Public Holidays

8.1 A worker may only work on a Sunday or public holiday to perform emergency or security work.

8.2 Work on Sundays is paid at the ordinary rate of pay.

8.3 A task-rated worker who works on a public holiday must be paid –

- (a) the worker's daily task rate, if the worker works for less than four hours;
- (b) Double the worker's daily task rate, if the worker works for more than four hours.

8.4 A time-rated worker who works on a public holiday must be paid –

- (a) the worker's daily rate of pay, if the worker works for less than four hours on the public holiday;
- (b) Double the worker's daily rate of pay, if the worker works for more than four hours on the public holiday.

9 Sick Leave

9.1 Only workers who work four or more days per week have the right to claim sick-pay in terms of this clause.

9.2 A worker who is unable to work on account of illness or injury is entitled to claim one day's paid sick leave for every full month that the worker has worked in terms of a contract.

9.3 A worker may accumulate a maximum of twelve days' sick leave in a year.

9.4 Accumulated sick-leave may not be transferred from one contract to another contract.

9.5 An employer must pay a task-rated worker the worker's daily task rate for a day's sick leave.

9.6 An employer must pay a time-rated worker the worker's daily rate of pay for a day's sick leave.

9.7 An employer must pay a worker sick pay on the worker's usual payday.

9.8 Before paying sick-pay, an employer may require a worker to produce a certificate stating that the worker was unable to work on account of sickness or injury if the worker is –

- (a) absent from work for more than two consecutive days; or
- (b) Absent from work on more than two occasions in any eight-week period.

9.9 A medical certificate must be issued and signed by a medical practitioner, a qualified nurse or a clinic staff member authorised to issue medical certificates indicating the duration and reason for incapacity.

9.10 A worker is not entitled to paid sick-leave for a work-related injury or occupational disease for which the worker can claim compensation under the Compensation for Occupational Injuries and Diseases Act.

10 Maternity Leave

10.1 A worker may take up to four consecutive months' unpaid maternity leave.

10.2 A worker is not entitled to any payment or employment-related benefits during maternity leave.

10.3 A worker must give her employer reasonable notice of when she will start maternity leave and when she will return to work.

10.4 A worker is not required to take the full period of maternity leave. However, a worker may not work for four weeks before the expected date of birth of her child or for six weeks after the birth of her child, unless a medical practitioner, midwife or qualified nurse certifies that she is fit to do so.

10.5 A worker may begin maternity leave –

(a) four weeks before the expected date of birth; or

(b) on an earlier date –

(i) if a medical practitioner, midwife or certified nurse certifies that it is necessary for the health of the worker or that of her unborn child; or

(ii) if agreed to between employer and worker; or

(c) On a later date, if a medical practitioner, midwife or certified nurse has certified that the worker is able to continue to work without endangering her health.

10.6 A worker who has a miscarriage during the third trimester of pregnancy or bears a stillborn child may take maternity leave for up to six weeks after the miscarriage or stillbirth.

10.7 A worker who returns to work after maternity leave, has the right to start a new cycle of twenty-four months employment, unless the SPWP on which she was

employed has ended.

11 Family responsibility leave

11.1 Workers, who work for at least four days per week, are entitled to three days paid family responsibility leave each year in the following circumstances -

- (a) when the employee's child is born;
- (b) when the employee's child is sick;
- (c) in the event of a death of –
 - (i) the employee's spouse or life partner;
 - (ii) The employee's parent, adoptive parent, grandparent, child, adopted child, grandchild or sibling.

12 Statement of Conditions

12.1 An employer must give a worker a statement containing the following details at the start of employment –

- (a) the employer's name and address and the name of the SPWP;
- (b) the tasks or job that the worker is to perform; and
- (c) the period for which the worker is hired or, if this is not certain, the expected duration of the contract;
- (d) the worker's rate of pay and how this is to be calculated;
- (e) The training that the worker will receive during the SPWP.

12.2 An employer must ensure that these terms are explained in a suitable language to any employee who is unable to read the statement.

12.3 An employer must supply each worker with a copy of these conditions of employment.

13 Keeping Records

	<p>13.1 Every employer must keep a written record of at least the following –</p> <ul style="list-style-type: none"> (a) the worker’s name and position; (b) in the case of a task-rated worker, the number of tasks completed by the worker; (c) in the case of a time-rated worker, the time worked by the worker; (d) Payments made to each worker. <p>13.2 The employer must keep this record for a period of at least three years after the completion of the SPWP.</p> <p>14 Payment</p> <p>14.1 An employer must pay all wages at least monthly in cash or by cheque or into a bank account.</p> <p>14.2 A task-rated worker will only be paid for tasks that have been completed.</p> <p>14.3 An employer must pay a task-rated worker within five weeks of the work being completed and the work having been approved by the manager or the contractor having submitted an invoice to the employer.</p> <p>14.4 A time-rated worker will be paid at the end of each month.</p> <p>14.5 Payment must be made in cash, by cheque or by direct deposit into a bank account designated by the worker.</p> <p>14.6 Payment in cash or by cheque must take place –</p> <ul style="list-style-type: none"> (a) at the workplace or at a place agreed to by the worker; (b) during the worker’s working hours or within fifteen minutes of the start or finish of work; (c) In a sealed envelope which becomes the property of the worker. <p>14.7 An employer must give a worker the following information in writing –</p> <ul style="list-style-type: none"> (a) the period for which payment is made; (b) the numbers of tasks completed or hours worked;
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	<p>(c) the worker's earnings;</p> <p>(d) any money deducted from the payment;</p> <p>(e) The actual amount paid to the worker.</p> <p>14.8 If the worker is paid in cash or by cheque, this information must be recorded on the envelope and the worker must acknowledge receipt of payment by signing for it</p> <p>14.9 If a worker's employment is terminated, the employer must pay all monies owing to that worker within one month of the termination of employment.</p> <p>15 Deductions</p> <p>15.1 An employer may not deduct money from a worker's payment unless the deduction is required in terms of a law.</p> <p>15.2 An employer must deduct and pay to the SA Revenue Services any income tax that the worker is required to pay.</p> <p>15.3 An employer who deducts money from a worker's pay for payment to another person must pay the money to that person within the time period and other requirements specified in the agreement law, court order or arbitration award concerned.</p> <p>15.4 An employer may not require or allow a worker to –</p> <p>(a) repay any payment except an overpayment previously made by the employer by mistake;</p> <p>(b) state that the worker received a greater amount of money than the employer actually paid to the worker; or</p> <p>(f) Pay the employer or any other person for having been employed.</p> <p>16 Health and Safety</p> <p>16.1 Employers must take all reasonable steps to ensure that the working environment is healthy and safe.</p> <p>16.2 A worker must –</p>
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	<p>(a) work in a way that does not endanger his/her health and safety or that of any other person;</p> <p>(b) obey any health and safety instruction;</p> <p>(c) obey all health and safety rules of the SPWP;</p> <p>(d) use any personal protective equipment or clothing issued by the employer;</p> <p>(e) Report any accident, near-miss incident or dangerous behaviour by another person to their employer or manager.</p> <p>17 Compensation for Injuries and Diseases</p> <p>17.1 It is the responsibility of the employers (other than a contractor) to arrange for all persons employed on a SPWP to be covered in terms of the Compensation for Occupational Injuries and Diseases Act, 130 of 1993.</p> <p>17.2 A worker must report any work-related injury or occupational disease to their employer or manager.</p> <p>17.3 The employer must report the accident or disease to the Compensation Commissioner.</p> <p>17.4 An employer must pay a worker who is unable to work because of an injury caused by an accident at work 75% of their earnings for up to three months. The employer will be refunded this amount by the Compensation Commissioner. This does NOT apply to injuries caused by accidents outside the workplace such as road accidents or accidents at home.</p> <p>18 Termination</p> <p>18.1 The employer may terminate the employment of a worker for good cause after following a fair procedure.</p> <p>18.2 A worker will not receive severance pay on termination.</p> <p>18.3 A worker is not required to give notice to terminate employment. However, a worker who wishes to resign should advise the employer in advance to allow</p>
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	<p>the employer to find a replacement.</p> <p>18.4 A worker who is absent for more than three consecutive days without informing the employer of an intention to return to work will have terminated the contract. However, the worker may be re-engaged if a position becomes available for the balance of the 24-month period.</p> <p>18.5 A worker who does not attend required training events, without good reason, will have terminated the contract. However, the worker may be re-engaged if a position becomes available for the balance of the 24-month period.</p> <p>19 Certificate of Service</p> <p>19.1 On termination of employment, a worker is entitled to a certificate stating –</p> <ul style="list-style-type: none"> (a) the worker’s full name; (b) the name and address of the employer; (c) the SPWP on which the worker worked; (d) the work performed by the worker; (e) any training received by the worker as part of the SPWP; (f) the period for which the worker worked on the SPWP; (g) Any other information agreed on by the employer and worker.
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Part 1: Contract Data completed by the Employer

Clause	
1.1.14	The name of the Employer is Albert Luthuli Municipality
1.2.2	<p>The address of the Employer is:</p> <p>Telephone: 017 – 843 1055</p> <p>Facsimile: 017 – 843 1631</p> <p>Address (physical): 28 Kerk Street, Carolina 1185.</p> <p>Address (postal): P.O. Box 24, Carolina 1185.</p>
1.1.15	The name of the Engineer is
1.2.2	<p>The address of the Engineer is:</p> <p>Telephone:</p> <p>Facsimile:</p> <p>Address (physical):</p> <p>.....</p> <p>.....</p> <p>Address (postal):</p> <p>.....</p> <p>.....</p> <p><i>(compiler to insert relevant data)</i></p>
1.6 and 38	The special non-working days are public holidays, Saturdays, Sundays and the days on which the contractor grants the majority of his permanent workforce leave around the 16 th December and the first Monday of the subsequent year.

2.3	<p>The Engineer is required to obtain the specific approval of the Employer before executing any of the following functions or duties:</p> <ol style="list-style-type: none"> 1 Nominating the Engineer's Representative in terms of cl 2.4. 2 Delegation of Engineer's authority in terms of cl 2.7. 3 Providing consent for subcontracting part of the contract in terms of cl 6.2. 4 The issuing of further drawings or instructions in terms of cl 13.1 5 The issuing of instructions for dealing with fossils and the like in terms of cl 15. 6 Authorizing the Contractor to repair and make good excepted risks in terms of cl 32.2.2. 7 The issuing of a variation order in terms of cl 36.2. 8 Issuing of instructions to carry out work on a day work basis in terms of cl 37.1.4. 9 Granting permission to work during non-working times in terms of cl 38.1. 10 Suspend the progress of the works in terms of cl 39.1. 11 The issuing of an instruction to accelerate progress in terms of cl 40.3. 12 The reduction of a penalty for delay in terms of cl 43.2. 10 The determination of additional or reduced costs arising from changes in legislation in terms of cl 46.4. 11 The giving of a ruling on a contractor's claim in terms of cl 48.5. 12 The agreeing of an extension to the 28 period in terms of cl 48.5.1. 13 The inclusion of credits in the next payment certificate in terms of cl 48.5.2. 14 The agreeing of the adjustment of the sums for general items in terms of cl 50.1.
7	<p>The time to deliver the Form of Guarantee within 14 days of the Commencement Date.</p> <p>The Form of Guarantee is to contain the wording of the document included in C1.3.</p> <p>The liability for the guarantee shall be for</p> <p><i>(Compiler to insert a sum or a percentage of the Contract Price not exceeding 10%.)</i></p>

10	The Works are to be commenced within 14 days of the Commencement Date.
12.2	The Works programme is to be delivered within 14 days of the Commencement Date.
35.1.1.2.2	The value of the materials supplied by the Employer to be included in the insurance sum is R0-00
35.1.1.2.3	The amount to cover professional fees for repair or reinstatement of damage to the works to be included in the insurance sum is R0-00
35.1.3	The limit of liability insurance is R 2 000 000 per claim.
35.1.4	No additional insurance is required.
37.2.2.3	The percentage allowances to cover overhead charges is 15%.
42.1 1.1.13	The works shall be completed within Months exclusive of year end break. <i>(Compiler to insert number of months)</i>
43.1	The penalty for failing to complete the Works is R <i>(Compiler to insert rate / day)</i>
46.2	The value of the payment certificates is to be adjusted in accordance with the Contract Price Adjustment Schedule, where: The value of "x" is 0,15 The values of the coefficients are: a = b = c = d = The urban area nearest the Site is Carolina The base month is the month prior to the closing of the tender..... <i>(Compiler to nearest urban area to the site and insert data)</i>
46.3	The special materials which are to be increased or decreased in accordance with the provisions of the Contract Price Adjustment Schedule are With schedule <i>(Compiler to provide data or omit)</i>
49.1.5	The percentage advance on materials not yet built into the Permanent Works is 80%
49.3	The percentage retention on amounts due to the Contractor is %.

	<i>(Compiler to provide data – normally 10%)</i>
49.3	The limit on retention is . . . % of the Contract Price <i>or an amount of R.</i> <i>(Compiler to provide data –normally 5%)</i>
49.6	A Retention Money Guarantee is permitted.
53.1	The Defects Liability Period is 12 months.
58.2	Dispute resolution is to be my means of adjudication
58.4	Disputes are to be referred for final settlement to arbitration.

Part 2: Data provided by the Contractor

Clause							
1.8	The name of the Contractor is.						
1.2.2	<p>The address of the contractor is:</p> <p>Telephone:</p> <p>Facsimile:</p> <p>Address (physical):</p> <p>.</p> <p>.</p> <p>Address (postal):</p> <p>.</p> <p>.</p>						
46.3	<p>The variation in cost of special materials is:</p> <table border="1"> <thead> <tr> <th>Special material</th> <th>Unit on which variation will be determined</th> <th>Price for base month ex factory, excluding transport, labour or any other costs.</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Special material	Unit on which variation will be determined	Price for base month ex factory, excluding transport, labour or any other costs.			
Special material	Unit on which variation will be determined	Price for base month ex factory, excluding transport, labour or any other costs.					

		Containers	Delivered in bulk	
*State unit in appropriate column				

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... *(Compiler to insert title)*

C1.2 Contract Data

(Compiler to include where the JBCC Series 2000 Principal Building Agreement (Edition 4.1) is used)

The Conditions of Contract are clauses 1 to 41 of the **JBCC Series 2000 Principal Building Agreement (Edition 4.1 of March 2005)** published by the Joint Building Contracts Committee.

Copies of these conditions of contract may be obtained from the Association of South African Quantity Surveyors (011-3154140), Master Builders Association (011-205-9000; 057-3526269) South African Association of Consulting Engineers (011-4632022) or South African Institute of Architects (051-4474909; 011-4860684; 053-8312003;)

The JBCC Principal Building Agreement makes several references to the Contract Data for specific data, which together with these conditions collectively describe the risks, liabilities and obligations of the contracting parties and the procedures for the administration of the Contract. The Contract Data shall have precedence in the interpretation of any ambiguity or inconsistency between it and the JBCC Principal Building Agreement.

Each item of data given below is cross-referenced to the clause in the JBCC Principal Building Agreement to which it mainly applies.

The additions, deletions and alterations to the JBCC Principal Agreement are:

Clause	Additions, deletions and alterations
1.1	<p>Replace the following definitions in DEFINITIONS AND INTERPRETATIONS with the following wording:</p> <p>AGREEMENT means the agreement arising from the signing of the Form of Offer and Acceptance by the parties.</p> <p>BILLS OF QUANTITIES means the document drawn up in accordance with the Pricing Instructions contained in the Pricing Data.</p> <p>CONSTRUCTION PERIOD means the period commencing on the date that the Agreement made in terms of the Offer and Acceptance comes into effect and ending on the date of practical completion.</p> <p>CONTRACT DOCUMENTS means the Agreement and all documents referenced therein.</p> <p>CONTRACT DRAWINGS means the drawings listed in the Scope of Work.</p> <p>CONTRACT SUM means the total of prices in the Form of Offer and Acceptance.</p> <p>SCHEDULE means the variables listed in the Contract Data.</p>
1.6.4	Delete sub-clause 1.6.4
3.5	Delete sub-clause 3.5
3.6	Delete sub-clause 3.6.
3.9	Delete sub-clause 3.9

3.10	Delete sub-clause 3.10
15.1.1	Delete sub-clause 15.1.1
21	<p>Replace sub-clauses 21.1.2 to 21.1.4 and 21.2 to 21.6 with the following:</p> <p>The contractor and principal agent shall appoint a selected subcontractor in accordance with the provisions of the Scope of Work.</p>
30.1	Replace reference to 36.3 at end of sentence with 36.0
31.12	Delete "Payment shall be subject to the employer giving the contractor a tax invoice for the amount due."
32.12	Delete sub-clause
34.13	Delete the words in sub-clause 34.13 "subject to the employer giving the contractor a tax invoice for the amount due"
40.0 (41)	<p>Delete in the Substitute Provisions (41.0 State Clauses) clause 40.2.1, 40.2.2 and 40.3/4/5/6 and replace with the following:</p> <p>40.1# Should any dispute between the employer, his agents or principal agent on the one hand and the contractor on the other arise out of this agreement, such dispute shall be referred to adjudication.</p>

	<p>40.2# Adjudication shall be conducted in accordance with the edition of the JBCC Rules for Adjudication current at the time when the dispute is declared. The party, which raises the dispute, shall select three adjudicators from the panel of adjudicators published by the South African Institution of Civil Engineering or Association of Arbitrators (Southern Africa), determine their hourly fees and confirm that these adjudicators are available to adjudicate the dispute in question. The other party shall then select within 7 days one of the three nominated adjudicators, failing which the chairman for the time being of the Association of Arbitrators (Southern Africa) shall nominate an adjudicator. The adjudicator shall be appointed in terms of the Adjudicators Agreement set out in C1.4 .</p> <p>40.3# If provided in the schedule, a dispute shall be finally settled by a single Arbitrator to be agreed on between the parties or, failing such agreement within 28 days after referring the dispute to Arbitration, an Arbitrator nominated by the chairman for the time being of the Association of Arbitrators (Southern Africa). Any such reference shall be deemed to be a submission to the arbitration of a single arbitrator in terms of the Arbitration Act (Act No 42 of 1965, as amended), or any legislation passed in substitution therefore. In the absence of any other agreed procedure, the arbitration shall take place in accordance with the Rules for the Conduct of Arbitrations issued by the Association of Arbitrators (Southern Africa) which are current at the time of the referral to arbitration. The Arbitrator shall, in his award, set out the facts and the provisions of the contract on which his award is based.</p> <p>40.4# If the schedule provides for court proceedings to finally resolve disputes, disputes shall be determined by court proceedings.</p>
12.1 (41.0)	Delete 12.1 in the Substitute Provisions (41.0 State Clauses) so that the provisions of 12.1 apply to the state and replace “ contractor ” in clause 10.1 in the Substitute Provisions (41.0 State Clauses) with “The party responsible in terms of 12.1”
12.2 (41.0)	Amend the first part of the first sentence in clause 12.2 of the Substitute Provisions (41.0 State Clauses) to read “Where the contractor is responsible for insurances, the contractor shall”

11.1 (41.0)	Delete clause 11.1 in the Substitute Provisions (41.0 State Clauses) so that the provisions of 11.1 apply to the state .
41.0	Delete the definitions for CONSTRUCTION PERIOD and INTEREST in clause 41.1.3 in the substitute provisions (Clause 41.0 State Clauses)
41.0	Delete in the state clauses sub-clauses 31.11.1 and 31.11.2. Sub-clause 31.11.1 of the non- state clauses will apply to the contract
41.0	Delete in the state sub-clause 10.3 . Sub-clause 10.3 of the non- state clauses will apply to the contract
41.0	Add sub-clause 32.15 and 34.3 to 5.1.2
41.0	Add in the following clause to 41.0 Notwithstanding any clause to the contrary, on cancellation of this agreement either by the employer or the contractor , or for any reason whatsoever, the contractor shall on written instruction, discontinue with the works on a stated date and withdraw himself from the site . The contractor shall not be entitled to refuse to withdraw from the works on the grounds of any lien or right of retention or on the grounds of any other right whatsoever.

Part 1: Contract Data completed by the Employer

Clause	Item and data
1.2	<p>The name of the Employer is the</p> <p>_____</p> <p>_____</p>

	<p>The address of the Employer is:</p> <p>Telephone: _____</p> <p>Facsimile: _____</p> <p>Address (physical): _____</p> <p>Address (postal): _____</p>
5.1	<p>The Principal Agent is</p> <p>Telephone:</p> <p>Facsimile:</p> <p>Address (physical):</p> <p>.....</p> <p>Address (postal).</p> <p>.....</p> <p><i>(Compiler to insert data)</i></p>
5.2	<p>Agent (1) is</p> <p>Agent's service</p>

	<p>Telephone:</p> <p>Facsimile:</p> <p>Address (physical):</p> <p>.....</p> <p>Address (postal):</p> <p>.....</p> <p><i>(Compiler to insert data)</i></p>
5.2	<p>Agent (2) is</p> <p>Agent's service</p> <p>Telephone:</p> <p>Facsimile:</p> <p>Address (physical):</p> <p>.....</p> <p>Address (postal):</p> <p>.....</p>

	<i>(Compiler to insert data)</i>
5.2	<p>Agent (3) is</p> <p>Agent's service</p> <p>Telephone:</p> <p>Facsimile:</p> <p>Address (physical):</p> <p>.....</p> <p>Address (postal).....</p> <p>.....</p> <p><i>(Compiler to insert data)</i></p>
1.1	<p>The Works comprise</p> <p><i>(Compiler to provide a description of the works in general terms)</i></p>
1.1	<p>The Site comprise</p> <p><i>(Compiler to identify the land or place on, over, under, in or through which the works is to be executed.)</i></p>
1.1	The Works or installations to be undertaken by direct contractors comprises
22.2	<i>(Compiler to identify Works or installations to be undertaken by direct contractors where state provisions do not apply.)</i>
41.0	The Employer is an organ of State
31.11.2	<ul style="list-style-type: none"> The interest rate as determined by the Minister of Finance, from time to time, in terms of section 80(1)(b) of the Public Finance Management Act, 1999 (Act No 1 of 1999) will apply.
11.2	

31.4.2 26.1.2	<ul style="list-style-type: none"> • Lateral support insurance is / not to be effected by the contractor • Payment will be made for materials and goods • Extended defects liability period will apply to the following elements: <p><i>(Compiler to select options and provide data)</i></p>		
15.2.1	Possession of the site is to be given within three days of the contractor providing the employer with construction guarantees in accordance with the provisions of 14.0.		
15.3	The period for the commencement of the works after the contractor takes possession of the site isworking days. <i>(Compiler to insert data)</i>		
	For the work as a whole: The date for practical completion is		
	The penalty per calendar day is.....		
	or		
	The date for practical completion and the penalty per calendar day is as follows:		
	Section	Date	Penalty Amount
	Section 1		
	Section 2		
	Section 3		
	<i>(Compiler to decide on option and provide data)</i>		
1.2	The law applicable to the agreement shall be that of the Republic of South Africa.		
10.1; 10.2 and 12.1	Contract insurance is to be effected by the contractor.		
10.1 10.2 12.1	Contract works insurance is to be effected by the contractor for a sum not less than the contract sum with a deductible in an amount that the contractor deems appropriate.		
10.1	The supplementary insurance is required. Such insurance shall comprise a Coupon Policy for		

10.2 12.1	Special Risks issued by the South African Special Risk Insurance Association.
11.1, 12.1	Public liability insurance to be effected by the contractor for the sum of R 2000 000 per claim with a deductible in an amount that the contractor deems appropriate.
11.2, 12.1	Support insurance to be effected by the contractor for the sum ofwith a deductible in an amount that the contractor deems appropriate. <i>(Compiler to include if the employer decides that such insurance be provided and provide the relevant data.)</i>
3.3, 15.1.3, 31.16.2	A waiver of the contractor's lien or right of continuing possession is required.
3.7	Three. Copies of the construction document are to be supplied to the contractor free of charge.
3.4	JBCC Engineering General Conditions are not to be included in the contract document.
31.5.3	The contract value is / is not to be adjusted using CPAP indices. The base month for the application of CPAP is the month prior to the closing of the tender and the following alternative indices are applicable: <i>(Compiler to require CPAP indices where the contract is greater than R 500 000 including VAT and provide the relevant data)</i>
31.3	There is no latest day of the month for the issue of an interim payment certificate.
14.5	The employer will not provide advanced payments against an advanced payment guarantee
14.2 and 14.4	The construction guarantee is to be a fixed guarantee in an amount of 10% of the contract sum.
40.0	Dispute resolution shall be by adjudication or Dispute determinations shall be by arbitration <i>(Compiler to delete the option that is not applicable)</i>

Part 2: Contract Data completed by the Contractor

Clause	Item and data
1.2	<p>The name of the Contractor is.</p> <p>The address of the contractor is:</p> <p>Telephone:</p> <p>Facsimile:</p> <p>Address (physical):</p> <p>.....</p> <p>.....</p> <p>Address (postal):</p> <p>.....</p> <p>.....</p>

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

(Compiler to include where GCC 2004 is used)

C1.3 Form of Guarantee

Contract No

WHEREAS _____
(hereinafter referred to as the Employer”) entered into, a Contract with:

.....

(Hereinafter called “the Contactor”) on the Day of20.....,

For

(Compiler to describe briefly what is to be procured)

At (compiler to indicate site location)

AND WHEREAS it is provided by such Contract that the Contractor shall provide the Employer with security by way of a guarantee for the due and faithful fulfillment of such Contract by the Contractor;

AND WHEREAS has / have at the request of the Contractor, agreed to give such guarantee;

NOW THEREFORE WE do hereby guarantee and bind ourselves jointly and severally as Guarantor and Co-principal Debtors to the Employer under renunciation of the benefits of division and excursion for the due and faithful performance by the Contractor of all the terms and conditions of the said Contract, subject to the following conditions:

1. The Employer shall, without reference and / or notice to us, have complete liberty of action to act in any manner authorized and/or contemplated by the terms of the said Contract, and/or to agree to any modifications, variations, alterations, directions or extensions of the completion date of the works under the said Contract, and that its rights under this guarantee shall in no way be prejudiced nor our liability hereunder be affected by reason of any steps which the Employer may take under such Contract, or of any modification, variation, alterations of the completion date which the Employer may make, give, concede or agree to under the said Contract.
2. This guarantee shall be limited to the payment of a sum of money.
3. The Employer shall be entitled, without reference to us, to release any guarantee held by it, and to give time to or compound or make any other arrangement with the Contractor.
4. This guarantee shall remain in full force and effect until the issue of the Certificate of Completion in terms of the Contract, unless we are advised in writing by the Employer before the issue of the said Certificate of his intention to institute claims, and the particulars thereof, in which event this guarantee shall remain in full force and effect until all such claims have been paid or liquidated.
5. Our total liability hereunder shall not exceed the Guaranteed Sum of
.....Rand (in words); R (in figures)
6. The Guarantor reserves the right to withdraw from this guarantee by depositing the Guaranteed Sum with the beneficiary, whereupon our liability hereunder shall cease.

7. We hereby choose our address for the serving of all notices for all purposes arising here from as

.....
.....
.....
.....

IN WITNESS WHEREOF this guarantee has been executed by us at

on this day of 20

Signature

Duly authorized to sign on behalf of

Address

.....

.....

As witnesses:

1

2

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... *(Compiler to insert title)*

C1.3 Construction Guarantee

(Compiler to include where JBCC Principal Building Agreement is used.)

GUARANTOR DETAILS AND DEFINITIONS

Guarantor means

Physical address

.....

Guarantor's signatory 1 Capacity

Guarantor's signatory 1 Capacity

Employer means **The Technical Services Department, Albert Luthuli Municipality**

Contractor means

Agent means

(Compiler to insert name of agent)

Works means

(Compiler to provide reference number and title of contract)

Site means

(Compiler to enter site as described in the Contract Data)

Agreement means the JBCC Series 2000 Principal Building Agreement

Contract Sum i.e. the total of prices in the Form of Offer and Acceptance inclusive of VAT

Amount in figures R

Amount in words (Rand)

Guaranteed Sum means the maximum aggregate amount of R

Amount in words (Rand)

1 The Guarantor's liability shall be limited to the amount of the Guaranteed Sum as follows:

GUARANTOR'S LIABILITY	PERIOD OF LIABILITY
Maximum Guaranteed Sum (not exceeding 10 % of the contract sum) in the amount of: (Rands) (R.....)	From and including the date of issue of this Construction Guarantee and up to and including the date of the only practical completion certificate or the last practical completion certificate where there are sections, upon which this Construction Guarantee shall expire.

2 The Guarantor hereby acknowledges that:

2.1 Any reference in this Guarantee to the Agreement is made for the purpose of convenience and shall not be construed as any intention whatsoever to create an accessory obligation or any intention whatsoever to create a surety ship.

2.2 Its obligation under this Guarantee is restricted to the payment of money.

3 Subject to the Guarantor's maximum liability referred to in clauses 1, the Guarantor hereby undertakes to pay the Employer the sum certified upon receipt of the documents identified in sub-clauses 3.1 to 3.3:

3.1 A copy of a first written demand issued by the Employer to the Contractor stating that payment of a sum certified by the Principal Agent in an interim or final payment certificate has not been made in terms of the Agreement and failing such payment within seven (7) calendar days, the Employer intends to call upon the Guarantor to make payment in terms of sub-clause 3.2

3.2 A first written demand issued by the Employer to the Guarantor at the Guarantor's physical address with a copy to the Contractor stating that a period of seven (7) calendar days has elapsed since the first written demand in terms of sub-clause 4.1 and that the sum certified

has still not been paid therefore the Employer calls up this Guarantee and demands payment of the sum certified from the Guarantor.

3.3 A copy of the said payment certificate which entitles the Employer to receive payment in terms of the Agreement of the sum certified in clause 3.

4 Subject to the Guarantor's maximum liability referred to in clause 1, the Guarantor undertakes to pay the Employer the Guaranteed Sum or the full outstanding balance upon receipt of a first written demand from the Employer to the Guarantor at the Guarantor's physical address calling up this Guarantee stating that:

4.1 The Agreement has been cancelled due to the Contractor's default and that the Guarantee is called up in terms of clause 4. The demand shall enclose a copy of the notice of cancellation; or

4.2 A provisional sequestration or liquidation court order has been granted against the Contractor and that the Guarantee is called up in terms of clause 4. The demand shall enclose a copy of the court order.

5 It is recorded that the aggregate amount of payments required to be made by the Guarantor in terms of clauses 3 and 4 shall not exceed the Guarantor's maximum liability in terms of clause 1.

6 Where the Guarantor is a registered insurer and has made payment in terms of clause 4, the Employer shall upon the date of issue of the final payment certificate submit an expense account to the Guarantor showing how all monies received in terms of the Guarantee have been expended and shall refund to the Guarantor any resulting surplus. All monies refunded to the Guarantor in terms of this Guarantee shall bear interest at the prime overdraft rate of the Employer's bank compounded monthly and calculated from the date payment was made by the Guarantor to the Employer until the date of refund.

7 Payment by the Guarantor in terms of clause 3 or 4 shall be made within seven (7) calendar days upon receipt of the first written demand to the Guarantor.

- 8** The Employer shall have the absolute right to arrange his affairs with the Contractor in any manner which the Employer deems fit and the Guarantor shall not have the right to claim his release from this Guarantee on account of any conduct alleged to be prejudicial to the Guarantor
- 9** The Guarantor chooses the physical address as stated above for all purposes in connection herewith.
- 10** This Guarantee is neither negotiable nor transferable and shall expire in terms of clause 1, or payment in full of the Guaranteed Sum or on the Guarantee expiry date, whichever is the earlier, where after no claims will be considered by the Guarantor. The original of this Guarantee shall be returned to the Guarantor after it has expired
- 11** This Guarantee, with the required demand notices in terms of clauses 3 or 4, shall be regarded as a liquid document for the purpose of obtaining a court order.
- 12** Where this Guarantee is issued in the Republic of South Africa the Guarantor hereby consents in terms of Section 45 of the Magistrate's Courts Act No 32 of 1944, as amended, to the jurisdiction of the Magistrate's Court of any district having jurisdiction in terms of Section 28 of the said Act, notwithstanding that the amount of the claim may exceed the jurisdiction of the Magistrate's Court.

Signed at Date

Guarantor's

Guarantor's

Signatory 1 Signatory 2

Witness 1 Witness 2

Guarantor's seal or stamp

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

ADJUDICATOR'S CONTRACT

(Compiler to include where JBCC Series 2000 Principal Building Agreement is used)

This agreement is made on the day of between:

..... (name of company / organisation)

of

..... (address) and

..... (name of company / organisation)

of

..... (address)

(the Parties) and

..... (name)

of

..... (address)

(the Adjudicator).

Disputes or differences may arise/have arisen* between the Parties under a Contract dated

. and known as.

and these disputes or differences shall be/have been* referred to adjudication in accordance with the JBCC Series 2000 Adjudication Rules, (hereinafter called "the Procedure") and the Adjudicator may be or has been requested to act.

* Delete as necessary

IT IS NOW AGREED as follows:

- 1 The rights and obligations of the Adjudicator and the Parties shall be as set out in the JBCC Series 2000 Adjudication Rules.
- 2 The Adjudicator hereby accepts the appointment and agrees to conduct the adjudication in accordance with the JBCC Series 2000 Adjudication Rules.
- 3 The Parties bind themselves jointly and severally to pay the Adjudicator's fees and expenses as set out in the Contract Data.
- 4 The Parties and the Adjudicator shall at all times maintain the confidentiality of the adjudication and shall endeavour to ensure that anyone acting on their behalf or through them will do likewise, save with the consent of the other Parties which consent shall not be unreasonably refused.
- 5 The Adjudicator shall inform the Parties if he intends to destroy the documents which have been sent to him in relation to the adjudication and he shall retain documents for a further period at the request of either Party.

SIGNED by:			SIGNED by:			SIGNED by:	
Name:			Name:			Name:	
who warrants that he / she is duly authorised to sign for and on behalf of the first Party in the presence of			who warrants that he / she is duly authorised to sign for and on behalf of the second Party in the presence of			the Adjudicator in the presence of	
Witness			Witness:			Witness:	
Name:			Name			Name:	
Address:			Address:			Address:	
Date:			Date:			Date:	

Contract Data

1	The Adjudicator shall be paid at the hourly rate of R. in respect of all time spent upon, or in connection with, the adjudication including time spent travelling.
2	<p>The Adjudicator shall be reimbursed in respect of all disbursements properly made including, but not restricted to:</p> <p>(a) Printing, reproduction and purchase of documents, drawings, maps, records and photographs.</p> <p>(b) Telegrams, telex, faxes, and telephone calls.</p> <p>(c) Postage and similar delivery charges.</p> <p>(d) Travelling, hotel expenses and other similar disbursements.</p> <p>(e) Room charges.</p> <p>(f) Charges for legal or technical advice obtained in accordance with the Procedure.</p>
3	The Adjudicator shall be paid an appointment fee of R This fee shall become payable in equal amounts by each Party within 14 days of the appointment of the Adjudicator,

	subject to an Invoice being provided. This fee will be deducted from the final statement of any sums which shall become payable under item 1 and/or item 2 of the Contract Data. If the final statement is less than the appointment fee the balance shall be refunded to the Parties.
4	The Adjudicator is/is not* currently registered for VAT.
5	Where the Adjudicator is registered for VAT it shall be charged additionally in accordance with the rates current at the date of invoice.
6	All payments, other than the appointment fee (item 3) shall become due 7 days after receipt of invoice, thereafter interest shall be payable at 5% per annum above the Reserve Bank base rate for every day the amount remains outstanding.

*

Delete as necessary

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... *(Compiler to insert title)*

C2.1 Pricing Instructions

(Compiler to use these pricing instructions in building contracts)

- 1 The Bills of Quantities have been drawn up in accordance with the Standard System of Measuring Building Work (as amended) published and issued by the Association of South African Quantity Surveyors (Sixth Edition (Revised)), 1999. Where applicable the:
 - a) Civil engineering work has been drawn up in accordance with the provisions of the latest edition of SABS 1200 Standardised Specifications for Civil Engineering Works.
 - b) Mechanical work has been drawn up in accordance with the provisions of the Model Bills of Quantities for Mechanical Work, published by the South African Association of Quantity Surveyors, July 2005).
 - c) electrical work has been drawn up in accordance with the provisions of the Model Bills of Quantities for Electrical Work, published by the South African Association of Quantity Surveyors, (July, 2005).

(If JBCC 2004 is used, the compiler must insert the following clause:)

- 2 The agreement is based on the JBCC Series 2000 Principal Building Agreement, prepared by the Joint Building Contracts Committee, Edition 4.1, and March 2005. The additions, deletions and alterations to the JBCC Principal Building Agreement as well as the contract specific variables are

as stated in the Contract Data. Only the headings and clause numbers for which allowance must be made in the Bills of Quantities are recited.

(If GCC 2004 is used, the compiler must insert the following clause:)

- 2 The agreement is based on the General Conditions of Contract for Construction Works, prepared by the South African Institution of Civil Engineering, 2004. The additions, deletions and alterations to the General Conditions of Contract for Construction Works as well as the contract specific variables are as stated in the Contract Data. Only the headings and clause numbers for which allowance must be made in the Bills of Quantities are recited.
- 3 Preliminary and general requirements are based on the various parts of SANS 1921, Construction and management requirements for works contracts. The additions, deletions and alterations to the various parts of SANS 1921 as well as the contract specific variables are as stated in the Specification Data in the Scope of Work. Only the headings and clause numbers for which allowance must be made in the Bills of Quantities are recited.
- 4 It will be assumed that prices included in the Bills of Quantities are based on Acts, Ordinances, Regulations, By-laws, International Standards and National Standards that were published 28 days before the closing date for tenders. (Refer to www.stanza.org.za or www.iso.org for information on standards).
- 5 The drawings listed in the Scope of Works used for the setting up of these Bills of Quantities are kept by the Principal Agent or Engineer and can be viewed at any time during office hours up until the completion of the works.
- 6 Reference to any particular trademark, name, patent, design, type, specific origin or producer is purely to establish a standard for requirements. Products or articles of an equivalent standard may be substituted.
- 7 Where any item is not relevant to this specific contract, such item is marked N/A (signifying “not applicable”)

- 8 The Contract Data and the standard form of contract referenced therein must be studied for the full extent and meaning of each and every clause set out in Section 1 (Preliminaries) of the Bills of Quantities
- 9 The Bills of Quantities is not intended for the ordering of materials. Any ordering of materials, based on the Bills of Quantities, is at the Contractor's risk.
- 10 The amount of the Preliminaries to be included in each monthly payment certificate shall be assessed as an amount prorated to the value of the work duly executed in the same ratio as the preliminaries bears to the total of prices excluding any contingency sum, the amount for the Preliminaries and any amount in respect of contract price adjustment provided for in the contract.
- 11 Where the initial contract period is extended, the monthly charge shall be calculated on the basis as set out in 10 but taking into account the revised period for completing the works.
- 12 The amount or items of the Preliminaries shall be adjusted to take account of the theoretical financial effect which changes in time or value (or both) have on this section. Such adjustments shall be based on adjustments in the following categories as recorded in the Bills of Quantities:
 - a) An amount which is not to be varied, namely Fixed (F)
 - b) An amount which is to be varied in proportion to the contract value, namely Value Related (V); and
 - c) an amount which is to be varied in proportion to the contract period as compared to the initial construction period excluding revisions to the construction period for which no adjustment to the contractor is not entitled to in terms of the contract, namely Time Related (T).
- 13 Where no provision is made in the Bills of Quantities to indicate which of the three categories in 12 apply or where no selection is made, the adjustments shall be based on the following breakdown:

- a) 10 percent is fixed;
- b) 15 percent is Value Related
- c) 75 percent is Time Related.

- 14 The adjustment of the Preliminaries shall apply notwithstanding the actual employment of resources in the execution of the works. The contract value used for the adjustment of the Preliminaries shall exclude any contingency sum, the amount for the Preliminaries and any amount in respect of contract price adjustment provided for in the contract. Adjustments in respect of any staged or sectional completion shall be prorated to the value of each section.

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

C2.1 Pricing Instructions

(Compiler to use these pricing instructions in Roads Infrastructure)

1. Measurement and payment shall be in accordance with the relevant provisions of the COLTO Standard Specification for Road and Bridge Works for State Authorities (1998 edition) as amended in the Scope of Works.

2. The units of measurement described in these Bills of Quantities are metric units. Abbreviations used in these Bills of Quantities are as follows:

%	=	percent
h	=	hour
ha	=	hectare
kg=		kilogram
kl	=	kilolitre
km	=	kilometre
km-pass	=	kilometre-pass
kPa	=	kilopascal
kW	=	kilowatt
l	=	litre
m =		metre
mm	=	millimetre
m ²	=	square metre
m ² -pass	=	square metre-pass
m ³	=	cubic metre
m ³ -km	=	cubic metre-kilometre
MN	=	mega Newton
MN.m	=	mega Newton-metre
MPa	=	mega Pascal

No.	=	number
Prov sum	=	Provisional sum
PC sum	=	Prime Cost sum
R/only	=	Rate only
sum	=	lump sum
t	=	ton (1000 kg)
W/day	=	Work day

3. For the purpose of these Bills of Quantities, the following words shall have the meanings hereby assigned to them:

Unit:	The unit of measurement for each item of work as defined in the COLTO Standard Specification for Road and Bridge Works for State Authorities (1998 edition).
Quantity:	The number of units of work for each item.
Rate:	The agreed payment per unit of measurement.
Amount:	The product of the quantity and the agreed rate for an item.
Lump sum:	An agreed amount for an item, the extent of which is described in the Bills of Quantities but the quantity of work of which is not measured in any units.

4. Unless otherwise stated, items are measured net in accordance with the drawings, and no allowance is made for waste.
5. It will be assumed that prices included in the bills of quantities are based on Acts, Ordinances, Regulations, By-laws, International Standards and National Standards that were published 28 days before the closing date for tenders. (Refer to www.stanza.org.za or www.iso.org for information on standards)
6. The prices and rates in these Bills of Quantities are fully inclusive prices for the work described under the items. Such prices and rates cover all costs and expenses that may be required in and for the execution of the work described in accordance with the provisions of the Scope of Work, and shall cover the cost of all general risks, liabilities, and obligations set forth or implied in the Contract Data, as well as overhead charges and profit. These prices will be used as a basis for assessment of payment for additional work that may have to be carried out.
7. Where the Scope of Work requires detailed drawings and designs or other information to be provided, all costs associated therewith are deemed to have been provided for and included in the unit rates and sum amount tendered such items
8. An item against which no price is entered will be considered to be covered by the other prices or rates in the Bills of Quantities. A single lump sum will apply should a number of items be grouped together for pricing purposes.
9. The quantities set out in these Bills of Quantities are approximate and do not necessarily represent the actual amount of work to be done. The quantities of work accepted and certified for

payment will be used for determining payments due and not the quantities given in these Bills of Quantities.

10. Reasonable compensation will be received where no pay item appears in the Bills of Quantities in respect of work required in terms of the Contract and which is not covered in any other pay item.
11. The short descriptions of the items of payment given in these Bills of Quantities are only for the purposes of identifying the items. More details regarding the extent of the work entailed under each item appear in the Scope of Work.
12. The item numbers appearing in the Bills of Quantities refer to the corresponding item numbers in the COLTO Standard Specification for Road and Bridge Works for State Authorities (1998 edition).

(Compiler to include only on projects falling under the Expanded Public Works Programme.)

13. Those parts of the contract to be constructed using labour-intensive methods have been marked in the Bills of Quantities with the letters LI in a separate column filled in against every item so designated. The works, or parts of the works so designated are to be constructed using labour-intensive methods only. The use of plant to provide such works, other than plant specifically provided for in the scope of work, is a variation to the contract. The items marked with the letters LI are not necessarily an exhaustive list of all the activities which must be done by hand, and this clause does not over-ride any of the requirements in the generic labour intensive specification in the Scope of Works.
14. Payment for items which are designated to be constructed labour-intensively (either in this schedule or in the Scope of Works) will not be made unless they are constructed using labour-intensive methods. Any unauthorised use of plant to carry out work which was to be done labour-intensively will not be condoned and any works so constructed will not be certified for payment.

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

C2.1 Pricing Instructions

(Compiler to use these pricing instructions in general civil engineering contracts)

1 Measurement and payment shall be in accordance with the relevant provisions of clause 8 of each of the SABS 1200 Standardised Specifications for Civil Engineering Construction referred to in the Scope of Work. The Preliminary and General items shall be measured in accordance with the provisions of SABS 1200-A, *General*.

2. The units of measurement described in the Bills of Quantities are metric units. Abbreviations used in these Bills of Quantities are as follows:

%	=	percent
h	=	hour
ha	=	hectare
kg=		kilogram
kl =		kilolitre
km	=	kilometre
km-pass	=	kilometre-pass
kPa	=	kilopascal
kW	=	kilowatt
l	=	litre

m =	metre
mm	= millimetre
m ²	= square metre
m ² -pass	= square metre-pass
m ³	= cubic metre
m ³ -km	= cubic metre-kilometre
MN	= mega Newton
MN.m	= mega Newton-metre
MPa	= mega Pascal
No.	= number
Prov sum	= Provisional sum
PC sum	= Prime Cost sum
R/only	= Rate only
sum	= lump sum
t	= ton (1000 kg)
W/day	= Work day

3. Unless otherwise stated, items are measured net in accordance with the drawings, and no allowance is made for waste.
4. The prices and rates in these Bills of Quantities are fully inclusive prices for the work described under the items. Such prices and rates cover all costs and expenses that may be required in and for the execution of the work described in accordance with the provisions of the Scope of Work, and shall cover the cost of all general risks, liabilities, and obligations set forth or implied in the Contract Data, as well as overhead charges and profit. These prices will be used as a basis for assessment of payment for additional work that may have to be carried out.
5. It will be assumed that prices included in these Bills of Quantities are based on Acts, Ordinances, Regulations, By-laws, International Standards and National Standards that were published 28 days before the closing date for tenders. (Refer to www.stanza.org.za or www.iso.org for information on standards)
6. Where the Scope of Work requires detailed drawings and designs or other information to be provided, all costs associated therewith are deemed to have been provided for and included in the unit rates and sum amount tendered such items
7. An item against which no price is entered will be considered to be covered by the other prices or rates in the Bills of Quantities. A single lump sum will apply should a number of items be grouped together for pricing purposes.
8. The quantities set out in these Bills of Quantities are approximate and do not necessarily represent the actual amount of work to be done. The quantities of work accepted and certified for payment will be used for determining payments due and not the quantities given in the Bills of Quantities.

9. Reasonable compensation will be received where no pay item appears in respect of work required in the Bills of Quantities in terms of the Contract and which is not covered in any other pay item.
10. The short descriptions of the items of payment given in these Bills of Quantities are only for the purposes of identifying the items. More details regarding the extent of the work entailed under each item appear in the Scope of Work.
11. Descriptions in the Bills of Quantities are abbreviated and comply generally with those in the SABS 1200 Standardised Specifications.

(Compiler to include only on projects falling under the Expanded Public Works Programme.)

12. Those parts of the contract to be constructed using labour-intensive methods have been marked in the Bills of Quantities with the letters LI in a separate column filled in against every item so designated. The works, or parts of the works so designated are to be constructed using labour-intensive methods only. The use of plant to provide such works, other than plant specifically provided for in the scope of work, is a variation to the contract. The items marked with the letters LI are not necessarily an exhaustive list of all the activities which must be done by hand, and this clause does not over-ride any of the requirements in the generic labour intensive specification in the Scope of Works.
13. Payment for items which are designated to be constructed labour-intensively (either in this schedule or in the Scope of Works) will not be made unless they are constructed using labour-intensive methods. Any unauthorised use of plant to carry out work which was to be done labour-intensively will not be condoned and any works so constructed will not be certified for payment.

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

C2.2 Bills of Quantities

(Compiler to develop bills of quantities in accordance with selected option for pricing instructions and provide summary at end of bills of quantities in accordance with normal professional practice)

Item	Description	Unit	Quantity	Rate	Amount

Summary

Section No	Description	Amount
1	Preliminary and general preliminaries	
2		
3		
4		
Sub total		
Value-Added Tax (VAT) at 14%		

Total of prices including VAT	
--------------------------------------	--

(Compiler to include the following where contract falls under the EPWP)

Item	Description	Unit	Quantity	Rate	Amount
	Training allowance paid to targeted labour iro formal training	Person days	(insert quantity)	(insert specified day rate)	
	Extra over for the administration of payment of training allowances to targeted labour	Person days	(as above)		
	Transport and accommodation of workers for training where it is not possible to undertake the training in close proximity to the site. (Provisional sum)	Sum	(insert provisional sum)		

(Compiler to include where JBCC Series 2000 Principal Building Agreement is used. Compiler to state which items are not applicable (N/A). Where the tenderer is required to indicate which of the three categories applies for the purposes of adjustment, namely Fixed (F), Value Related (V) or Time Related (T), the compiler is to include below each line item the following:

F:..... V: T:.....)

Item No	Description	Quantity	Rate	Amount
	<u>PRELIMINARIES</u>			
	<u>SECTION A: JBCC PRINCIPAL BUILDING AGREEMENT READ IN CONJUNCTION WITH THE CONTRACT DATA</u>			
	<u>A1: DEFINITIONS</u>			

	Definitions and interpretation (clause 1)	item		
	<u>A2: OBJECTIVE AND PREPARATION</u>			
	Offer, acceptance and performance (clause 2)	item		
	Documents (clause 3)	item		
	Design responsibility (clause 4)	item		
	Employer's agents (clause 5)	item		
	Site representative (clause 6)	item		
	Compliance with regulations (clause 7)	item		
	Works risk (clause 8)	item		
	Indemnities (clause 9)	item		
	Works insurances (clause 10)	item		
	Liability insurances (clause 11)	item		
	Effecting insurances (clause 12)	item		
	No clause (clause 13)	n/a		
	Security (clause 14)	item		
	<u>A3: EXECUTION</u>			
	Preparation for and execution of the works (clause 15)	item		
	Access to the works (clause 16)	item		
	Contract Instructions (clause 17)	item		
	Setting out the works (clause 18)	item		
	Assignment (clause 19)	item		
	Nominated subcontractors (clause 20)	n/a		
	Selected subcontractors (clause 21)	item		
	Employer's direct contractors (clause 22)	n/a		

	Contractor's domestic subcontractors (clause 23)	item		
	<u>A4: COMPLETION</u>			
	Practical completion (clause 24)	item		
	Works completion (clause 25)	item		
	Final completion (clause 26)	item		
	Latent defects liability period (clause 27)	item		
	Sectional completion (clause 28)	item		
	Revision of date for practical completion (clause 29)	item		
	Penalty for no completion (clause 30)	item		
	<u>A5: PAYMENT</u>			
	Interim payment to the contractor (clause 31)	item		
	Adjustment to the contract value (clause 32)	item		
	Recovery of expenses and loss (clause 33)	item		
	Final account and final payment (clause 34)	item		
	Payment to other parties (clause 35)	item		
	<u>A.6: CANCELLATION</u>			
	Cancellation by employer – contractor's default (clause 36)	item		
	Cancellation by employer – loss and damage (clause 37)	item		
	Cancellation by contractor – employer's default (clause 38)	item		
	Cancellation – cessation of the works (clause 39)	item		
	<u>A7: DISPUTE</u>			
	Settlement of disagreements and disputes (clause 40)	item		
	<u>A8: SUBSTITUTE PROVISIONS</u>			
	State clauses (clause 41)	item		

	<u>A9: CONTRACT DATA</u>			
	Additional conditions as set out in the Contract Data	item		
	Form of Offer and Acceptance	item		

(Compiler to include where GCC 2004 is used in building contracts. Compiler to state which items are not applicable (N/A). Where the tenderer is required to indicate which of the three categories applies for the purposes of adjustment, namely Fixed (F), Value Related (V) or Time Related (T), the compiler is to include below each line item the following:

F:..... V: T:.....

Item No	Description	Quantity	Rate	Amount
	<u>PRELIMINARIES</u>			
	<u>SECTION A: GENERAL CONDITIONS OF CONTRACT FOR CONSTRUCTION WORKS (GCC 2004) READ IN CONJUNCTION WITH THE CONTRACT DATA</u>			
	A1: GENERAL CONDITIONS OF CONTRACT			
	Definitions, interpretations and general provisions (clause 1)	item		
	Engineer and Engineer's representative (clause 2)	item		
	Ambiguity in documents (clause 3)	item		
	Basis of contract (clause 4)	item		
	Assignment (clause 5)	item		
	Subcontracting (clause 6)	item		
	Guarantee (clause 7)	item		
	Payment to Contractor (clause 8)	item		
	Copyright (clause 9)	item		

Item No	Description	Quantity	Rate	Amount
	Commencement of the Works (clause 10)	item		
	Access to the site (clause 11)	item		
	Programme of the Works (clause 12)	item		
	Instructions and drawings (clause 13)	item		
	Notice and fees (clause 14)	item		
	Fossils (clause 15)	item		
	Patent rights (clause 16)	item		
	Pollution and excessive traffic (clause 17)	item		
	Facilities for others (clause 18)	item		
	Clearance of the site (clause 19)	item		
	Contractor's employees (clause 20)	item		
	Competent employees (clause 21)	item		
	Contractor's superintendence (clause 22)	item		
	Materials, workmanship and construction equipment (clause 23)	item		
	Access to the works (clause 24)	item		
	Examination of the works (clause 25)	item		
	Removal of improper work and materials (clause 26)	item		
	Search for defects (clause 27)	item		
	Urgent remedial work (clause 28)	item		
	Vesting of materials (clause 29)	item		
	Removal of construction equipment (clause 30)	item		
	Protection of the works (clause 31)	item		
	Care of the works (clause 32)	item		

Item No	Description	Quantity	Rate	Amount
	Indemnifications (clause 33)	item		
	Reporting of accidents (clause 34)	item		
	Insurances (clause 35)	item		
	Variations (clause 36)	item		
	Valuation of variations (clause 37)	item		
	Non-working times (clause 38)	item		
	Suspension of the works (clause 39)	item		
	Progress of the works (clause 40)	item		
	Delays attributable to the Employer (clause 41)	item		
	Extension of time for completion (clause 42)	item		
	Penalty for delay (clause 43)	item		
	Measurement of the works (clause 44)	item		
	Provisional and prime cost sums (clause 45)	item		
	Adjustment in prices (clause 46)	item		
	Adverse physical conditions (clause 47)	item		
	Claims procedure (clause 48)	item		
	Interim payments (clause 49)	item		
	Variations exceeding 15 per cent (clause 50)	item		
	Completion (clause 51)	item		
	Approval certificate (clause 52)	item		
	Defects (clause 53)	item		
	Cancellation of the contract (clause 54)	item		
	Termination by the Employer (clause 55)	item		

Item No	Description	Quantity	Rate	Amount
	Cancellation by Contractor (clause 56)	item		
	Notice of disagreement (clause 57)	item		
	Settlement of disputes (clause 58)	item		
	<u>A2: CONTRACT DATA</u>			
	Additional conditions as set out in the Contract Data	item		
	Form of Offer and Acceptance	item		

(Compiler to include in building contracts and state which items are not applicable (N/A)) or amend as required. Compiler to state which items are not applicable (N/A). Where the tenderer is required to indicate which of the three categories applies for the purposes of adjustment, namely Fixed (F), Value Related (V) or Time Related (T), the compiler is to include below each line item the following:

F: V: T:

Item No	Description	Quantity	Rate	Amount
	<u>SECTION B: REQUIREMENTS FOR CONSTRUCTION AND MANAGEMENT</u>			
	B1: SANS 1921-1: GENERAL ENGINEERING AND CONSTRUCTION WORKS READ IN CONJUNCTION WITH THE ASSOCIATED SPECIFICATION DATA FOUND IN THE SCOPE OF WORK			
	General (clause 4.1)	item		
	Responsibilities for design and construction (clause 4.2)	item		
	Planning, programme and method statements (clause 4.3)	item		
	Quality assurance (clause 4.4)	item		

Item No	Description	Quantity	Rate	Amount
	Setting out (clause 4.5)	item		
	Management and disposal of water (clause 4.6)	item		
	Blasting (clause 4.7)	item		
	Works adjacent to services and structures (clause 4.8)	item		
	Management of the works and site (clause 4.9)	item		
	Earthworks (clause 4.10)	item		
	Testing (clause 4.11)	item		
	Materials, samples and fabrication drawings (clause 4.12)	item		
	Equipment (clause 4.13)	item		
	Site establishment (clause 4.14)	item		
	Survey control (clause 4.15)	item		
	Temporary works (clause 4.16)	item		
	Existing services (clause 4.17)	item		
	Health and safety (clause 4.18) not included in section B2	item		
	Environmental requirements (clause 4.19)	item		
	Alterations, additions, extensions and modifications to existing works (clause 4.20)	item		
	Inspection of adjoining structures, services, buildings and property (clause 4.21)	item		
	Attendance on nominated and selected subcontractors (clause 4.22)	item		
	Additional requirements as set out in the Specification Data (Compiler to recite headings of additional requirements established in tender data)	item		
	Site establishment and procedures	item		
	Water and electricity	item		

Item No	Description	Quantity	Rate	Amount
	B2:OCCUPATIONAL HEALTH AND SAFETY ON SITE IN RESPECT OF ACT NO. 85 OF 1993			
	Allow for the compulsory equipment and clothing, i.e. hats, safety shoes, safety clothing, safety glasses, safety masks, harnesses, etc	item		
	Allow for all compulsory health and safety posters, boards etc	item		
	Allow for all compulsory health and safety workshops, meetings, lectures, demonstrations etc	item		
	Allow for all compulsory health and safety pamphlets, cards, paperwork, etc to each worker, consultant, public individual, etc coming onto the site.	item		
	Allow for all compulsory health and safety files that must be completed daily and must be handed to the employer on completion of the contract	item		
	Scope of Application as per Act No. 85 of 1993	item		
	Notification of Construction Work as per Act No. 85 of 1993	item		
	Employer's responsibilities as per Act No. 85 of 1993	item		
	Principal Contractor's responsibility as per Act No. 85 of 1993	item		
	Supervision of construction work as per Act No. 85 of 1993.	item		
	Risk assessment as per Act No. 85 of 1993.	item		
	Fall protection as per Act No. 85 of 1993.	item		
	Structures Formwork and support as per Act No. 85 of 1993.	item		
	Excavation as per Act No. 85 of 1993.	item		
	Demolition work as per Act No. 85 of 1993.	item		
	Tunnelling as per Act No. 85 of 1993.	item		
	Scaffolding as per Act No. 85 of 1993.	item		
	Suspended platforms as per Act No. 85 of 1993.	item		

Item No	Description	Quantity	Rate	Amount
	Botswains chairs as per Act No. 85 of 1993.	item		
	Materials hoists as per Act No. 85 of 1993.	item		
	Batch plant as per Act No. 85 of 1993.	item		
	Explosive powered tools as per Act No. 85 of 1993.	item		
	Cranes as per Act No. 85 of 1993.	item		
	Construction vehicles and mobile plant as per Act No. 85 of 1993.	item		
	Electrical installations and machinery on construction sites as per Act No. 85 of 1993.	item		
	Use and temporary storage of flammable liquids on construction sites as per Act No. 85 of 1993.	item		
	Water environments as per Act No. 85 of 1993.	item		
	Housekeeping on construction sites as per Act No. 85 of 1993.	item		
	Stacking and storage on construction sites as per Act No. 85 of 1993.	item		
	Fire precautions as per Act No. 85 of 1993.	item		
	Construction welfare as per Act No. 85 of 1993.	item		
	Approved inspection Authorities as per Act No. 85 of 1993.	item		
	Offences and penalties as per Act No. 85 of 1993.	item		
	Repeal of regulations as per Act No. 85 of 1993.	item		
	Short title as per Act No. 85 of 1993.	item		
	B3: COMMUNITY LIAISON OFFICER			
	Allow for a Community Liaison Officer (CLO) to be appointed	item		
	Allow for net extra cost involved in the employment of a Community Liaison Officer (CLO) in respect of the site office	item		
	Allow for net extra cost involved in the employment of a	item		

Item No	Description	Quantity	Rate	Amount
	Community Liaison Officer (CLO) in respect of the toilets			
	Allow for net extra cost involved in the employment of a Community Liaison Officer (CLO) in respect of the sheds	item		
	B4: LOCAL LABOUR			
	Allow for regular submission of proof of employment of local skilled and unskilled labour to Employer's representative	item		
	B5: LOCAL RECORD			
	Allow for the provision of weekly reports to in a schedule form of all tradesmen and labour employed on the site (contractor's own staff and subcontractor's staff)	item		
	B6: SANS 1921-6: HIV/AIDS AWARENESS READ IN CONJUNCTION WITH THE ASSOCIATED SPECIFICATION DATA			
	General requirements (clause 4.1)	item		
	HIV/AIDS awareness programme (clause 4.2)	item		
	Reporting (clause 4.3)	item		

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... *(Compiler to insert title)*

C3 Scope of Work

1 DESCRIPTION OF THE WORKS

1.1 Employer's objectives

(Compiler to describe the employer's objectives for the delivered end product or the project)

(Compiler to include the following where contract falls under the EPWP)

The employer's objectives are to deliver public infrastructure using labour intensive methods

.(Compiler to include the following where contract falls under the EPWP and contracts are executed by Learner Contracting Companies)

The employer's objectives are to deliver public infrastructure using labour intensive methods and in so doing provide work place training opportunities to learners who have a Learner ship Agreement with the Construction Education and Training Authority

1.2 Overview of the works

(Compiler to provide a short description of the works, the purpose of the works, etc. including all necessary temporary works in addition to those designed by the employer.)

(Compiler to include the following where contract falls under the EPWP)

Labour-intensive works comprise the activities described in SANS 1921-5, *Earthworks activities* Which are to be performed by hand, and its associated specification data . Such works shall be Constructed using local workers who are temporarily employed in terms of this Scope of Work.

1.3 Extent of the works

(Compiler to provide a short outline of the scope of work, ensuring that all types of operations, particularly those requiring special facilities or attention, are outlined.)

1.4 Location of the works

(Compiler to state the place where the works are to be provided.)

1.5 Temporary works

(Compiler to briefly describe the temporary works, as relevant, i.e. what they are and where they are located, and how they are to be dealt with upon completion.)

2 Drawings

(Compiler to insert drawing numbers and types of drawings as necessary on civil engineering contracts. Physical drawings to be included in a separate volume or in Annexes to the Scope of Work)

The following drawings are applicable to the contract:

- **Key plans**
- **Typical details**
- **Layout plans and longitudinal sections**
- **Cross sections**
- **Intersection layouts**

- **Services layouts**
- **Storm water details**
- **Insitu culvert**

(Compiler to insert drawing numbers and types of drawings as necessary on building contracts. Physical drawings to be included in a separate volume or in Annexes to the Scope of Work)

The drawings used for setting up the Bills of Quantities are as follows:

- **Architectural drawings**
- **Civil engineering drawings**
- **Mechanical engineering drawings**
- **Electrical drawings**

3 Procurement

3.1 Preferential procurement procedures

The works shall be executed in accordance with the conditions attached to preferences granted in accordance with the preferencing schedule.

3.2 Scope of mandatory subcontract work

(Compiler to describe work which the contractor is to subcontract to nominated / selected subcontractors. The clause should be framed around the following text))

The following portions of the works shall be subcontracted to CIDB registered contractors in accordance with the subcontracting procedures described hereunder.

.....

Competitive tenders shall be invited in respect of each of the above portions of the works in accordance with the relevant provisions of the latest edition of the CIDB Standard for Uniformity in Construction Procurement. The Contract Data in the associated procurement documents shall be based on the use of BIFSA Non-Nominated Subcontract for use with the JBCC Series 2000 Principal Building Agreement / CIDB Standard subcontract (labour only) / JBCC Series 2000 Nominated / Selected Subcontract Agreement / SAFCEC General conditions of subcontract (2003 edition) (select appropriate option) / NEC Engineering and Construction Subcontract / NEC Engineering and Construction Short Subcontract with minimal project specific variations and amendments that do not change their intended usage.

The Employer together with the Contractor shall evaluate the tenders received in accordance with the provisions of the Standard Conditions of Tender contained in Annex F of Standard for Uniformity in Construction Procurement. The evaluation panel shall comprise equal representatives from the Employer and from the Contractor.

The Contractor shall without delay enter into contract with the successful tendering subcontractor based on their accepted tender submission. The Contractor shall remain responsible for providing the subcontracted portion of the works as if the work had not been subcontracted.

4 Construction

(Compiler to include where SANS 2001 standards are referenced)

4.... Applicable SANS 2001 standards for construction works

The following parts of SANS 2001 Construction works standards and associated specification data are applicable to the works:

- 1) SANS 2001.....
- 2) SANS 2001.....

The abovementioned South African National Standards make several references to the Specification Data for data, provisions and variations that make these standards applicable to this contract. The Specification Data shall have precedence in the interpretation of any ambiguity or inconsistency between it and these standards.

Each item of Specification Data given below is cross-referenced to the clause in the standard to which it mainly applies.

The associated Specification Data is as follows:

SANS 2001-	
Essential Data:	
Clause	Specification data
Variations:	
1).....	
2).....	
Additional clauses:	
1).....	

(Compiler to develop Specification Data for each standard in accordance with the provisions of annex A of each standard)

4..... Applicable national and international standards

(Compiler to list all applicable national and international standards and all values pertaining to specific attributes relating thereto, e.g. SABS 1200 and related project specifications)

4..... Particular / generic specifications

(Compiler to include or make reference to particular specifications (purpose-written for the project or specifications of the contracting authority) or generic specifications (standardized in-house specifications) which are applicable to the works.)

(Compiler to include in all roadwork's contracts)

The relevant provisions of the COLTO Standard Specification for Road and Bridge Works for State Authorities (1998 edition) shall apply to the contract with the following amendments:

1115 Replace clause with the following:

The general conditions of contract are the General Conditions of Contract for Construction Works (2004) as published by the South African Institution of Civil Engineering read in conjunction with the Contract Data.

1202 Replace "Clause 15" with "Clause 12".

1206 Replace the first sentence with the following:

The contractor shall comply with all legal provisions in regard to surveying and setting out work.

1209(e) Replace "Clause 52" with "Clauses 29 and 49.2".

1210 Replace "Clause 54" with "Clause 51".

1212(1) Replace "Clause 49" with "Clause 46".

1215 Replace "Clause 45" with "Clause 42".

1217 Replace "Clause 35" with "Clause 31".

1303 Replace "Clauses 49 and 53" with "Clause 50".

13.01(3) Replace "Clauses 12 and 45" with "Clauses 1.1.4 and 42".

14.03(c) Replace "Clause 40(1)" with "Clause 37".

1505 Replace "Clauses 40 and 53" with "Clause 37".

3204(b) (iii) Replace "Clauses 40 and 53" with "Clause 37".

(Compiler to include the following in all contracts falling under the EPWP)

4..... EPWP labour intensive specification

(Compiler to omit the following in contracts involving Learner Contracting Companies)

4.....1 Labour intensive competencies of supervisory and management staff

Contractors having a CIDB contractor grading designation of 5CE and higher shall only engage supervisory and management staff in labour intensive works who have either completed, or for the period 1 April 2004 to 30 June 2006, are registered for training towards, the skills programme outlined in Table 1.

The managing principal of the contractor, namely, a sole proprietor, the senior partner, the managing director or managing member of a close corporation, as relevant, having a contractor grading designation of 1CE, 2CE, 3CE and 4CE shall have personally completed, or for the period 1 April 2004 to 30 June 2006 be registered on a skills programme for the NQF level 2. All other site supervisory staff in the employ of such contractors must have completed, or for the period 1 April 2004 to 30 June 2006 is registered on a skills programme for, the NQF level 2 unit standards or NQF level 4 unit standards.

Table 1: Skills programme for supervisory and management staff

Personnel	NQF level	Unit standard titles	Skills programme description
Team leader / supervisor	2	Apply Labour Intensive Construction Systems and Techniques to Work Activities	This unit standard must be completed, and
		Use Labour Intensive Construction Methods to Construct and Maintain Roads and Storm water Drainage	} any one of these 3 unit standards
		Use Labour Intensive Construction Methods to Construct and Maintain Water and Sanitation Services	
		Use Labour Intensive Construction Methods to Construct, Repair and Maintain Structures	
Foreman/ supervisor	4	Implement labour Intensive Construction Systems and Techniques	This unit standard must be completed, and
		Use Labour Intensive Construction Methods to Construct and Maintain Roads and Storm water Drainage	} any one of these 3 unit standards
		Use Labour Intensive Construction Methods to Construct and Maintain Water and Sanitation Services	
		Use Labour Intensive Construction Methods to Construct, Repair and Maintain Structures	
Site Agent / Manager (i.e. the contractor's most senior representative that is resident on the site)	5	Manage Labour Intensive Construction Processes	Skills Programme against this single unit standard

4...2 Employment of unskilled and semi-skilled workers in labour-intensive works

4.....2.1 Requirements for the sourcing and engagement of labour.

4..2.1.1 Unskilled and semi-skilled labour required for the execution of all labour intensive works shall be engaged strictly in accordance with prevailing legislation and SANS 1914-5, Participation of Targeted Labour.

4...2.1.2 the rate of pay set for the SPWP is R Per task or per day.

(Compiler to insert value determined by public body in terms of clause 2.2 of the Guidelines for the Implementation of Labour Intensive Projects under the Expanded Public Works Programme (EPWP))

4...2.1.3 Tasks established by the contractor must be such that:

- a) the average worker completes 5 tasks per week in 40 hours or less; and
- b) the weakest worker completes 5 tasks per week in 55 hours or less.

4...2.1.4 the contractor must revise the time taken to complete a task whenever it is established that the time taken to complete a weekly task is not within the requirements of 4...2.1.3.

4...2.1.5 The Contractor shall, through all available community structures, inform the local community of the labour intensive works and the employment opportunities presented thereby. Preference must be given to people with previous practical experience in construction and / or who come from households:

- a) Where the head of the household has less than a primary school education;
- b) That has less than one full time person earning an income;
- c) Where subsistence agriculture is the source of income.
- d) Those that are not in receipt of any social security pension income

4....2.1.6 The Contractor shall endeavour to ensure that the expenditure on the employment of temporary workers is in the following proportions:

- a) 60 % women;
- b) 20% youth who are between the ages of 18 and 25; and
- c) 2% on persons with disabilities.

4...2.2 Specific provisions pertaining to SANS 1914-5

4.2.2.1 Definitions

Targeted labour: Unemployed persons who are employed as local labour on the project.

4....2.2.2 Contract participation goals

4..2.2.2.1 There is no specified contract participation goal for the contract. The contract participation goal shall be measured in the performance of the contract to enable the employment provided to targeted labour to be quantified.

4..2.2.2.2 The wages and allowances used to calculate the contract participation goal shall, with respect to both time-rated and task rated workers, comprise all wages paid and any training allowance paid in respect of agreed training programmes.

4...2.2.3 Terms and conditions for the engagement of targeted labour

Further to the provisions of clause 3.3.2 of SANS 1914-5, written contracts shall be entered into with targeted labour.

4...2.2.2.4 Variations to SANS 1914-5

4...2.2.2.4.1 The definition for net amount shall be amended as follows:

Financial value of the contract upon completion, exclusive of any value added tax or sales tax which the law requires the employer to pay the contractor.

4...2.2.2.4.2 The schedule referred to in 5.2 shall in addition reflect the status of targeted labour as women, youth and persons with disabilities and the number of days of formal training provided to targeted labour.

4...2.2.2.5 Training of targeted labour

4...2.2.2.5.1 The contractor shall provide all the necessary on-the-job training to targeted labour to enable such labour to master the basic work techniques required to undertake the work in accordance with the requirements of the contract in a manner that does not compromise worker health and safety.

4...2.2.2.5.2 the cost of the formal training of targeted labour, will be funded by the provincial office of the Department of Labour. This training should take place as close to the project site as practically possible. The contractor, must access this training by informing the relevant provincial office of the Department of Labour in writing, within 14 days of being awarded the contract, of the likely number of persons that will undergo training and when such training is required. The employer must be furnished with a copy of this request.

4...2.2.2.5.3 A copy of this training request made by the contractor to the DOL provincial office must also be faxed to the EPWP Training Director in the Department of Public Works– Cinderella Makunike, Fax Number 012 328 6820 or email cinderella.makunike@dpw.gov.za Tel: 083 677 4026.

4...2.2.2.5.4 The contractor shall be responsible for scheduling the training of workers and shall take all reasonable steps to ensure that each beneficiary is provided with a minimum of six (6) days of formal training if he/she is employed for 3 months or less and a minimum of ten (10) days if he she is employed for 4 months or more.

4...2.2.2.5.5 The contractor shall do nothing to dissuade targeted labour from participating in training programmes.

4...2.2.2.5.4 An allowance equal to 100% of the task rate or daily rate shall be paid by the contractor to workers who attend formal training, in terms of 4...2.2.2.5.4 above.

4...2.2.2.5.5 Proof of compliance with the requirements of 4...2.2.2.5.2 to 4...2.2.2.5.6 must be provided by the Contractor to the Employer prior to submission of the final payment certificate.

4... Certification by recognized bodies

(Compiler to state, if applicable, which institutions may certify items for inclusion in the works and building systems, e.g. Agreement Board of South Africa.)

4... Plant and materials provided by the employer

(Compiler to provide details of all "free issue" plant and materials and state procedures associated therewith. Insert "none" if there are none.)

4... Services and facilities provided by the employer

(Compiler to state the facilities and the services which are to be provided by the employer subject to the contractor accepting that the employer is unable to guarantee they will be available at all times and always in the form or location stated:

- water: location, quality, approximate pressure, source, etc.;*
- electricity: location, phase, source, etc.;*
- telecommunication services: location of lines etc.;*
- ablution facilities: nature and location;*
- accommodation: nature and location;*
- medical / first-aid facilities: nature and location;*
- fire protection services: nature and location; and*
- other: describe as appropriate.*

Compiler to state requirements, as necessary, for the contractor to

- hook up to, and distribute, water, electricity and telecommunication services,*
- provide stand-by or back up for each service or facility the employer may provide, in the event of its interruption or failure,*
- clear up and make good when the service or facility is no longer required, leave the employer's facilities in the condition they were before the contractor first made use of them, fair wear and tear excepted, and*
- continuously clear and dispose of waste and surplus materials to maintain the site in a tidy state.)*

4... Plant and equipment

(Compiler to include if a requirement)

The plant and equipment used on the site shall not be inferior to that described in the Schedule of Plant and Equipment.

5 Management

Applicable SANS 1921 standards

The following parts of SANS 1921 Construction works standards and associated specification data are applicable to the works:

- 1) SANS 1921.....
- 2) SANS 1921.....

The abovementioned South African National Standards make several references to the Specification Data for data, provisions and variations that make these standards applicable to this contract. The Specification Data shall have precedence in the interpretation of any ambiguity or inconsistency between it and these standards.

Each item of Specification Data given below is cross-referenced to the clause in the standard to which it mainly applies.

The associated Specification Data is as follows:

SANS 1921-1, Construction and management requirements for works contracts – Part 1: General engineering and construction works	
Clause	Specification data
Essential data	

4.1.7	There are no requirements for drawings, information and calculations for which the contractor is responsible
4.2.1	The responsibility strategy assigned to the contractor for the works is A.
4.2.2	The structural engineer is <i>(Compiler to include if relevant and insert name of structural engineer)</i>
4.3.1	The planning, programme and method statements are to comply with the following: 1)..... 2)..... 3)..... State requirements for format of programme, level of detail, critical path activities and their dependencies, frequency of updating, etc., if not provided in the contract data. Provide particulars of phased completion, programme constraints, milestone dates for completion, etc., as necessary. State requirements for sequencing, as required. State any requirements for software for programmes.
4.3.3	The notice period for inspection is Days
4.7.3	The over break allowances for blasting are provided for in the scope of work. <i>(Compiler to include the above if appropriate or specify the over break allowances if not provided elsewhere)</i>
4.9.3	The trees and shrubs which are not to be disturbed are identified in the scope of work. <i>(Compiler to state requirements if not covered elsewhere in the scope of work)</i>
4.12.2	The samples of materials, workmanship and finishes that the contractor is to provide and deliver to the employer are: 1)..... 2) <i>(Compiler either to insert "none" or describe items)</i>
4.12.2	The fabrication drawings that the contractor is to provide and deliver to the employer are:

	<p>1).....</p> <p>2).....</p> <p><i>(Compiler to include and list drawing types if contract requires fabrication drawings)</i></p>
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4.14.3	<p>The office accommodation, equipment, accommodation for site meetings and other facilities for use by the employer and his agents are:</p> <p>1) Site office which shall be used for site meetings and for the contractor's use. Such an office shall comprise a minimum of 20m² in area and 3 m high, be ventilated, have good lamination, must be reasonably sound proof, and have a hard floor construction. It shall be furnished with a desk on which drawings can be rolled open and on which there is sufficient writing space and sufficient temporary chairs or benches to accommodate all persons present at site meetings.</p> <p>2)</p> <p><i>(Compiler to include if required. If required , state requirements for accommodation, vehicles, computers, survey and testing equipment, office furniture, etc., for the use of the employer and his agents.)</i></p>
4.14.5	<p>The Contractor is required to provide latrine and ablution facilities.</p> <p><i>(Compiler to include if a requirement)</i></p>
4.14.6	<p>The requirements for the provision and erection of separate sign boards for consultants and subcontractors are:</p> <p>1) The boards must comply with the official standard type signboard of the Employer and be at least 2750 x 1800 mm high.</p> <p>2) The boards must be constructed with a firm flat exposed face using suitable material of firm construction, painted and lettered according to the standard drawings available from the Employer on request and mounted on sturdy pipe-standards at a height of 1800 mm above natural ground level.</p> <p><i>(Compiler to should describe requirements for the placing of sign boards, signage requirements, size of the board, etc., should be described or insert "none" if there are none.)</i></p>
4.17.1	<p>The requirements for the termination, diversion or maintenance of existing services are:</p> <p>1).....</p> <p>2).....</p>

	<i>(Compiler should state requirements for the termination, diversion or usage of existing services or insert "none" if there are none.)</i>
4.17.3	<p>Services which are known to exist on the site are:</p> <p>1).....</p> <p>2).....</p> <p><i>(Compiler should describe known services and make reference to drawings showing known services or insert "none" if there are none.)</i></p>
4.17.4	<p>The requirements for detection apparatus are:</p> <p>1)</p> <p>2)</p> <p><i>(Compiler to state requirements, as necessary, for the use of detection equipment for the location of underground services. The availability of such equipment on the site should be specified, e.g. during the initial phases of the site or for the duration of the construction. Insert "none" if there are none.)</i></p>
4.18	<p>The following standards and specifications shall be in addition to the provisions of 4.18:</p> <p>1)</p> <p>2)</p> <p><i>(Compiler to state additional requirements or amend existing requirements (or both), and identify all applicable departmental specifications.. All departmental specifications should be included in the Annexes to the Scope of Work)</i></p>
Variations	
<p>1.....</p> <p>2.....</p> <p><i>(Compiler to state variations as required)</i></p>	
Additional clauses	
<p>1 Site meetings and procedures</p>	

The Employer's Representative and the Contractor shall hold meetings relating to the progress of the works at regular intervals and at other such times as may be necessary. The Contractor shall attend all site meetings and shall ensure that all persons under his jurisdiction are notified timeously of all site meetings should the Employer's Representative require their attendance at such meetings.

The Contractor shall keep on site a set of minutes of all site meetings, daily records of resources (people and equipment employed), a site instruction book, a complete set of contract working drawings and a copy of the procurement document and make these available at all reasonable times to all persons concerned with the contract.

2 Water and electricity

The Employer does not warrant that any water supply or electricity supply that may exist is adequate for the proper execution of the works. The responsibility strategies in terms of the tabulation below that will apply to the contract is:

- a) water : A/B/C (*Compiler to delete that which is not applicable*)
- b) electricity : A/B/C (*Compiler to delete that which is not applicable*)

Service	Option		
	A Contractor responsibility	B Employer responsibility	C
Water	The Contractor is to provide, and remove and make good upon completion, all the necessary temporary plumbing connections and purchase water from the local authority for the works at his	The Contractor shall make, and upon completion remove, all the necessary connections to the Employer's water supply at designated points and make use of water free of charge for	The Contractor shall make, and upon completion remove, all the necessary connections and water meters to the Employer's water supply at designated points and be

	own cost.	construction purposes only.	responsible for costs associated with all water consumed.
Electricity	The Contractor is to provide, and remove and make good upon completion, all the necessary temporary electrical connections and installations and purchase electricity from the local authority / ESKOM for the works at his own cost.	The Contractor shall make, and upon completion remove, all the necessary electrical connections to the Employer's electrical supply at designated points and make use of electricity free of charge for construction purposes only.	The Contractor shall make, and upon completion remove, all the necessary connections and meters to the Employer's electrical supply and be responsible for costs associated with all electricity consumed.

(Compiler to state requirements for all other temporary facilities necessary for providing the works which are not provided by the employer, including power, water, telecommunications, security services, medical services, fire protection, sanitation and toilets, and waste disposal. The compiler should also give consideration to the following:

- *Specific requirements for quality assurance systems, if necessary, should be stated. (4.4)*
- *Requirements for specific method statements as to how the contractor is going to set out complex works might have to be requested, e.g. at traffic interchanges, or in respect of structures requiring exacting dimensions, e.g. athletics tracks. (4.5)*
- *Specific requirements to restrict the risk of damage to property due to blasting should, as necessary, be stated. (Refer to Code of practice: Lateral Support in Surface Excavations; SAICE Geotechnical Division, 1989).*
- *Where blasting to specified profiles is required, the over break allowance should be specified. (4.7)*
- *The requirements of authorities responsible for such services and structures should be stated. (4.8)*
- *State minimum requirements for construction equipment. (4.13_*
- *State facilities which the contractor is to provide, and positions for the establishment of site facilities acceptable to the employer should be described. (4.14.1)*
- *Specific requirements for temporary works should be stated. (4.16)*

(Compiler to include in contracts falling under the EPWP)

SANS 1921-5, Construction and management requirements for works contracts – Part 5: Earthworks activities which are to be performed by hand.

Clause	Specification Data
Essential Data:	
5.1	The depth of trenches which are to be excavated by hand is 1,5 metres.
Additional clauses:	
1	<p>Stone pitching and rubble concrete masonry</p> <p>All stone required for stone pitching and rubble concrete masonry, whether grouted or dry, shall be collected, loaded, off loaded and placed by hand.</p> <p>Sand and stone shall be hauled to its point of placement by means of wheelbarrows where the haul distance is not greater than 150m.</p> <p>Grout shall be mixed and placed by hand.</p>
2	<p>Manufactured Elements</p> <p>Elements manufactured or designed by the Contractor, such as manhole rings and cover slabs, precast concrete planks and pipes, masonry units and edge beams shall not individually, have a mass of more than 320kg. In addition the items shall be large enough so that four workers can conveniently and simultaneously acquire a proper hand hold on them.</p>
<p><i>(Compiler to include in contracts falling under the EPWP)</i></p> <p>SANS 1921-6, Construction and management requirements for works contracts – Part 6: HIV/AIDS awareness.</p>	
4.2.1(a)	<p>A qualified service provider is a service provider that is one that is accredited or provisionally accredited training service provider in the HIV/AIDS field.</p> <p>A list of accredited service providers can be obtained from the Construction SETA (CETA) (tel 011-265 5900), Health and Welfare SETA (HWSETA) (011-622 6852) or on the Health and Welfare SETA website: www.hwseta.org.za.</p>
4.2.1(a)	<p>The HIV/AIDS awareness programme is to be repeated at four month intervals throughout the duration of the contract. (Four times in total, including the initial one at the start of the contract.)</p> <p><i>(Compiler to delete if not appropriate or required)</i></p>
Additional clauses	
	The duration of each workshop is not to be less than 2 ½ hours.

5.... Particular / generic specifications

(Compiler to include or make reference to particular specifications (purpose-written for the project or specifications of the contracting authority) or generic specifications (standardized in-house specifications) which are applicable to the works.)

(Compiler to include in all roadwork's contracts not associated with buildings)

The management of the site shall be in accordance with the provisions of the COLTO Standard Specification for Road and Bridge Works for State Authorities (1998 edition), obtainable from the South African Institution of Civil Engineering.

5... Recording of weather

(Compiler to state requirements for the recording and gathering of weather data if other than that set out below.)

The Contractor shall erect an effective rainfall gauge on the site and record the daily rainfall figures in a book. Such book shall be handed to the employer's representative for his signature no later than 12 days after rain that is considered to justify an extension of time occurs.

5... Unauthorised persons

(Compiler to include and amend as necessary)

The Contractor shall keep unauthorized persons from the works at all times under no circumstances may any person except guards be allowed to sleep on the building site.

5.... Management meetings

(Compiler to provide particulars of times, days, location, attendance requirements, etc. as required and state requirements for representatives with the necessary delegated authority in respect of aspects such as planning, change management, and health and safety.)

5.... Forms for contract administration

(Compiler to state requirements, if any, for use of standard forms for contract administration purposes and include examples of such forms after the last clause / sub clause in the scope of work. Also state if forms are available in electronic format.)

5.... Electronic payments

(Compiler to state details required / procedures to obtain electronic payments, as relevant)

5... Daily records

(Compiler to state requirements for daily records of resources (people and equipment employed), or site diaries in respect of work performed on the site, and where such documents are to be kept.)

5.... Payment certificates

(Compiler to state requirements for substantiation of claims in payment certificates to expedite verification and certification by employer.)

5... Permits

(Compiler to state requirements for contractor's staff to have security / entrance permits and the like.)

5... Proof of compliance with the law

(Compiler to state specific documents / methods by which compliance with any legislation is to be verified, as necessary.)

5... Annexes

(Compiler to attach data sheets, drawings, completed returnable schedules, particular specifications (including all Departmental Health and Safety Specifications, drawings, sketches and the like, which are referred to in this document.)

ALBERT LUTHULI MUNICIPALITY

TECHNICAL SERVICES DEPARTMENT

..... (Compiler to insert title)

C4 Site Information

(Compiler to insert text as required and provides a locality plan as necessary, or omit if not necessary. (See Notes on the use of the Standardized Procurement Documents for Engineering and Construction Works))

(Compiler is to state "There is no site information" if there is none.)

(Compiler to identify suitable rainfall stations near the site for the purposes of granting extensions of time where the additional clauses in GCC 2004 are used for this purpose.)

Asset Management Policy

Date approved : **1 May 2010**

Operation date: **1 July 2010**

Abbreviations

AM	Asset Management
AMS	Asset Management System
CFO	Chief Financial Officer
Dplg	Department of Provincial and Local Government
EPWP	Expanded Public Work Program
GAMAP	Generally Accepted Municipal Accounting Practice
GIS	Geographical Information System
GRAP	Standards of Generally Recognized Accounting Practice
HR	Human Resource
IAM	Infrastructure Asset Management
IAMP	Infrastructure Asset Management Plan
IAMS	Infrastructure Asset Management Strategy
IAR	Infrastructure Asset Register
IAS	International Accounting Standards
IDP	Integrated Development Plan
IT	Information Technology
KPI	Key Performance Indicators
MFMA	Municipal Finance Management Act
LM	Local Municipality
OHSA	Occupational Health and Safety Act
O&M	Operation and Maintenance

R	Rand
SDBIP	Service Delivery and Budget Implementation Plan
SCM	Supply Chain Management
TOR	Terms of Reference
VAT	Value Added Tax

1 PURPOSE OF THIS DOCUMENT

This document indicates the policy of Albert Luthuli Municipality (ALM) for the management of its fixed assets.

2 BACKGROUND

2.1 CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and Administrative capacity, to achieve the following objects:

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- Encouraging the involvement of communities and community organizations in Matters of local government.

The manner in which a municipality manages its fixed assets is central to meeting the above challenges. Accordingly, the Municipal Systems Act (MSA) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilize and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Municipal Manager.

The OHSA requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its assets safe.

2.2 ACCOUNTING STANDARDS

The accounting standards that apply to municipalities are in transition. The MFMA requires municipalities to comply with the Standards of Generally Recognized Accounting Practice (GRAP), in line with international practice. The Accounting Standards Board (ASB) has approved a number of Standards of Generally Accepted Municipal Accounting Practice (GAMAP) as an interim solution specifically for municipalities until such time that they are replaced with a relevant GRAP standard.

Key changes include the recognition of depreciation of assets as an expense, and conditional grants as revenue when it is utilized. A Government Grants Reserve and a Donations and Public Contribution Reserve is established, based on the source of funding. Immoveable assets are unbundled and each significant component is individually recognized and accounted for. In cases where there is an active and liquid market for assets (such as offices and vehicles) valuation is on a market basis, whereas specialized buildings (such as community facilities) and infrastructure (such as a water supply network) are valued using a depreciated replacement cost. Significant changes in the value of property, plant and Equipment over time need to be reflected through periodic revaluation. As a medium capacity municipality, ALM is required to convert to GAMAP/GRAP from 1 July 09. GRAP 17 replaced GAMAP 17 through the publication of Government Gazette 31021, however, the transition arrangements as identified in GAMAP 17 still apply.

2.3 MANAGEMENT OF INFRASTRUCTURE ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and

Customer care, and the processes adopted must be efficient and sustainable. Councilors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction and transparent processes;
- priority development of minimum basic services for all; and
- the provision financial support from central government in addressing the needs of the poor

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation – for the above objectives to be achieved, the IDP needs to be informed by robust relevant and holistic information relating to the management of the municipality’s Infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of departments of the municipality, including infrastructure, community services, financial planning, and corporate services.

dplg has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as potable water, roads etc). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents an integrated plan for the municipality covering all infrastructure. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA). Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

3 OBJECTIVES

The objective of this policy is for the municipality to:

- implement accrual accounting in terms of prevailing accounting standards; and
- apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

4 APPROVAL AND EFFECTIVE DATE

The Municipal Manager is responsible for the submission of this document to Council to consider its adoption. Council shall indicate the effective date for implementation of the policy.

5 KEY RESPONSIBILITIES

Municipal Manager

The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The Municipal Manager shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality

- The municipality's assets are valued in accordance with the standards of generally recognized accounting practice (GRAP)
- That the municipality has and maintains a system of internal control of assets, including an asset register; and
- The Senior Managers and their teams comply with this policy.

As Accounting Officer of the municipality, the Municipal Manager shall be the principal custodian of all the municipality's fixed assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the Municipal Manager shall be responsible for the preparation, in consultation with the CFO and Senior Managers, of procedures to effectively and efficiently apply this policy.

Chief Accounting Officer

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investment in the municipalities' assets is safeguarded and maintained.

The CFO, as one of the Senior Managers of the municipality, shall also ensure, in exercising his financial responsibilities, that;

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilized effectively, efficiently, economical and transparently;
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to assets;
- The systems, procedures and registers required to substantiate the financial values of the municipalities' assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting,
- purchasing, maintenance and disposal decisions
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;

- The Senior Managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets
- This policy and support procedures are established, maintained and effectively communicated.

The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and upto- date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Senior Managers

Senior Managers (the managers directly accountable to the Municipal Manager) shall ensure that;

- Appropriate systems of physical management and control are established and carried out for all fixed assets
- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management system, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage the asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

The Senior Managers may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

6 POLICY AMENDMENTS

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the Municipal Manager in consultation with the CFO and respective Senior Managers to the Policy Committee. The recommendations of the Policy Committee shall be considered for adoption by Council.

7 RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management and Insurance Policy.

This policy needs to be read in conjunction with other relevant policies of the municipality, including the following adopted documents:

- Delegations Register
Identifying the processes surrounding the establishment of delegated authority
- SCM policy
Regulating all processes and procedures relating to acquisitions.
- Budget policy
The processes to be followed during the budget process as well as pre- determined prioritization methodology,
- Accounting Policy
Governed by the Accounting standards, the accounting policy determines the basis recognition, measurement and recording of all transactions

8 REFERENCES

The following references were observed in compiling this document:

- Public Finance and Management Act, 1999
- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 1998
- Accounting Standards Board
- MFMA Circular 18 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)
- Generally Recognized

- Accounting Practice (1-14, 16, 17, and 100-102).
- Generally Accepted Municipal Accounting Practice (GAMAP 17)
- International Accounting Standards (IAS 16)

9 POLICIES FOR FIXED ASSET ACCOUNTING

9.1 FIXED ASSET RECOGNITION

(a) Definitions and rules

Asset

An asset is defined as a resource controlled by an entity as a result of past events and from which future economic benefits or service potential associated with the item will flow to the entity.

Fixed Asset

A fixed asset is an asset with an expected useful life greater than 12 months. These may be tangible or intangible.

Useful Life

Useful life is defined as the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by an entity.

Control

An item is not recognized as an asset unless the entity has the capacity to control the service potential or future economic benefit of the asset, is able to deny or regulate access of others to that benefit, and has the ability to secure the future economic benefit of that asset.

Past transactions or events

Assets are only recognized from the point when some event or transaction transferred control to an entity.

Probability of the flow of benefits or service potential

The degree of certainty that any economic benefits or service potential associated with an item will flow to the municipality is based on the judgment. The Municipal Manager shall exercise such judgment on behalf of the municipality, in consultation with the CFO and respective Senior Manager.

Economic benefits

Economic benefits are derived from assets that generate net cash inflows.

Service Potential

Assets have service potential if they have the capacity, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the Municipality, such as the provision of services.

Tangible assets

Tangible fixed assets can be either movable or immovable. Moveable assets are assets that can be moved (such as machinery, equipment, vehicles and furniture). Immoveable assets are fixed structures such as buildings and roads. Plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immoveable asset (though it may be temporarily removed for repair).

Intangible assets

Intangible assets are defined as identifiable non-monetary assets without physical Substance. Examples are licenses/rights, (such as water licenses), servitudes, and software. The assets must either be separable (able to be sold, transferred, or rented) or arise from contractual rights.

Leased assets

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorized into finance and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually be transferred (substance over form). Where the risks and rewards of ownership of an asset are substantially transferred, the lease is regarded as a finance lease and is recognized as a fixed asset. Where there is no substantial transfer of risks and rewards of ownership, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis.

Asset custodian

The department that controls an asset, as well as the individual that is responsible for the operations associated with such asset in the department, is identified by the respective Senior Manager, recorded, and communicated on recognition of the asset.

Reliable measurement

Items are recognized that possess a cost or fair value that can be reliably measured in terms of this policy.

(b) Policy

The municipality shall recognize all fixed assets existing at the time of adoption of this policy, and the development of new, upgraded and renewed fixed assets on an ongoing basis. Such assets shall be capitalized in compliance with prevailing accounting standards.

(b) Responsibilities

- The CFO, in consultation with the Municipal Manager and Senior Managers, shall determine effective procedures for the recognition of existing and new fixed assets.
 - Every Senior Manager shall ensure that all fixed assets under their control are correctly recognized as fixed assets.
 - The Municipal Manager shall make recommendations to the Council as to the threshold monetary value for fixed assets for which accelerated depreciation shall apply.
 - The CFO shall keep a lease register with the following minimum information: name of the lessor, description of the asset, fair value of the asset at inception of the lease, lease commencement date, lease termination date, economic useful life of the asset, lease payments, and any restrictions in the lease agreement.

9.2 CLASSIFICATION OF FIXED ASSETS

(a) Definitions and rules

Fixed asset categories

Fixed assets are grouped for accounting purposes, as follows:

1. Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations, that is shown as a single item for the purposes of disclosure in the financial statements);
2. Intangible assets; and
3. Investment property.

Property, plant and equipment (PPE)

PPE are defined as tangible items that are held for use in the production or supply of goods or services, or for administration purposes and are expected to be used for more than One reporting period.

Spares

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e. they are not usually considered fixed assets) and are expensed when consumed. Spares that constitute an entire or significant portion of a component type, or a specific component, defined in the PPE asset hierarchy are considered capital spare Parts and are recognized as an item of PPE immediately that they are available for use (e.g. in the stores)

Items used irregularly

Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognised as items of PPE.

Class of PPE

A class of PPE is defined as a group of assets of a similar nature or function in the Municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

PPE Asset hierarchy

An asset hierarchy is adopted for PPE which enables separate accounting of parts (or components) of an asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the municipality, including risk management (in other words, taking into account the criticality of components) and Alignment with the strategy adopted by the municipality in asset renewal (for example the extent of replacement or rehabilitation at the end of life). In addition, the municipality may aggregate actively insignificant items to be considered as one asset. The structure of the hierarchy recognizes the functional relationship of assets and components.

PPE: Infrastructure

Infrastructure assets are immovable assets which are part of a network of similar assets.

PPE: Community assets

Community assets are immovable assets contributing to the general well-being of the community, such as community halls.

PPE: Heritage assets

Heritage assets are assets of cultural, historic or environmental significance, such as Monuments, nature reserves, and works of art. The municipality is not required to recognise assets as heritage assets where they would otherwise meet the criteria for PPE (for Example a historic building being used as office accommodation).

PPE: Other assets

Other assets are ordinary operational assets such as administration buildings, vehicles and equipment.

PPE: Housing

Rental stock or housing not held for capital gain.

Intangible assets

Intangible assets are defined as identifiable non-monetary assets without physical substance. Examples are licenses/rights, (such as water licenses), servitudes, and software.

Investment property

Investment property is defined as property (land and/or a building) held (by the owner or the lessee under a finance lease) to earn rentals or for capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks, shopping centre or housing financed and managed by a municipality (or jointly with other parties). There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognized as investment property until such time as the use of the land has been determined.

In the case of a fixed asset not appearing in the adopted classification structure, a classification that is most closely comparable to the asset in question is used.

(b) Policy

The following categories and sub-categories shall be used at the highest level of the fixed asset classification structure:

Accounting group	Assets category	Assets sub- category
Property, plant and equipment	Infrastructure	Electricity network
		Road and storm-water network
		Water supply network
		Sanitation network
	Community Assets	Community facilities
		Sport and recreation facilities
	Heritage assets	Monuments
		Historic buildings
		Works of art
		Conservation areas

	Other assets	Operational buildings
		Vehicles
		Operational plant and equipment
		Furniture and equipment
		Capital spares
	Staff Housing	All
	Land	Infrastructure land
		Community assets' land
		Heritage assets' land
		other assets' land
		Housing land
Intangible Assets	Servitudes	All
	Statutory licenses	All
	Software	All
Investment property	Commercial property	All
	Residential property	All
	Land with undetermined use	All

PPE shall be disclosed in the financial statements at the sub-category level.

Asset hierarchies shall be adopted for each of the PPE sub-categories, separately identifying items of PPE that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant.

A committee shall be appointed by Council to consider the recognition of assets as heritage assets and to motivate their recommendation for adoption by Council.

(c) Responsibilities

- The CFO shall ensure that the classification of fixed assets adopted by the Municipality complies with the statutory requirements.
- The CFO shall consult with the Senior Managers responsible for fixed assets to determine an effective and appropriate asset hierarchy for each asset class of PPE.
- Every Senior Manager shall ensure that all fixed assets under their control are classified correctly.

9.3 IDENTIFICATION OF FIXED ASSETS

(a) Definitions and rules

Asset coding

An asset coding system is the means by which the municipality is able to uniquely identify each fixed asset (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis.

(b) Policy

A coding system shall be adopted and applied that will enable each fixed asset (at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified. Each moveable fixed asset shall be marked with its respective code (as a general rule at the top left of the item, as applicable).

(b) Responsibilities

- The Municipal Manager shall develop and implement a fixed asset coding system in consultation with the CFO and other Senior Managers to meet the policy objective.
- Senior Managers shall ensure that all the fixed assets under their control are correctly coded.
- Senior Managers shall ensure that the respective asset codes are fixed to all moveable assets under their control.

9.4 FIXED ASSET REGISTER

(a) Definitions and rules

Fixed asset register

A fixed asset register is a database of information relating to each fixed asset (at the lowest level in the fixed asset hierarchy). The fixed asset register is structured in line with the adopted classification structure. The scope of data in the register is sufficient to facilitate The application of the respective accounting standards for each of the asset classes, and the strategic and operational asset management needs of the municipality.

Completeness of data

It is recognized that it may not be practicable to complete all the required fields when compiling the initial asset register when converting to the accrual basis of accounting.

However, processes have to be established so that all the data fields can be completed on an ongoing basis on adoption of this policy.

Updating data in the asset register

The fixed asset register is updated by the Asset Management Accountant only when authorized to do so by the CFO. The Asset Management Accountant is precluded from being a custodian of any assets.

(b) Policy

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The fixed asset register shall be updated and reconciled to the general ledger on a monthly basis.

(c) Responsibilities

- The CFO shall define the format of the fixed asset register in consultation with the Municipal Manager and the Senior Managers, and shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- Senior Managers shall provide the CFO with the data required to establish and update the asset register in a timely fashion.
- The CFO shall establish procedures to control the completeness and integrity of the asset register data
- The CFO shall ensure proper application of the control procedures.

9.5 MEASUREMENT AT RECOGNITION

(a) Definitions and rules

Measurement at recognition of PPE

An item of PPE that qualifies for recognition is measured at cost. Where an asset is acquired at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of PPE, such as on recognizing fixed assets for which there are no records, or records cannot be linked to specific assets, its cost is deemed to be its fair value.

Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market values obtained from

a qualified value can be used where there is an active and liquid market for assets (for exa assets - in such an instance, the municipality should capitalise the cost of the asset together

mple land, non-specialized buildings such as offices, motor vehicles, and some types of plant and equipment). In the case of specialized buildings (such as Community buildings) and infrastructure where there is no such active and liquid market, a Depreciated replacement cost (DRC) approach may be used. Assessments of fair value are to be made by professionals with qualifications and appropriate knowledge and experience in Valuation of the respective assets.

Cost of an item of PPE

The capitalization value comprises (i) the purchase price and (ii) any directly attributable Costs necessary to bring the asset to its location and condition necessary for it to be operating in the manner intended by the municipality, plus (iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of Such assets - in such an instance, the municipality should capitalise the cost of the asset together with VAT). Only items with an initial cost or fair value greater than the threshold value determined by Council are capitalised. Costs that are less than the threshold value shall be treated as ordinary operating expenses.

Directly attributable costs

Directly attributable costs are defined as:

- Cost of employee benefits arising directly from the construction or acquisition of the item of PPE
- Costs of site preparation;
- Initial delivery and handling costs;
- Installation and assembly costs;
- Commissioning; and
- Professional fees (for example associated with design fees, supervision, and Environmental impact assessments).

Exchanged PPE assets

In cases where assets are exchanged, the cost is deemed to be the fair value of the acquired asset and the disposed asset is de-recognized.

Finance leases

Once a lease is deemed to be a finance lease, the asset is capitalized at the lower of the fair value of the asset or the present value of future lease payments, using the relevant discounting rate at the date of signage of the lease agreement.

Depreciated replacement cost

The depreciated replacement cost (DRC) approach requires information on the expected useful life (EUL), residual value (RV), current replacement cost (CRC), and remaining useful life (RUL) of each of the asset components. The CRC is the product of a unit rate and I The extent of the component and

represents the cost of replacing the asset, and in cases Where the existing asset is obsolete, the replacement with a modern equivalent. The depreciable portion of an asset is determined by subtracting the residual value from the CRC. The depreciated replacement cost (DRC) is established by proportionately reducing the depreciable portion based on the fraction of the remaining useful life over the expected useful life.

Accordingly, the following formula is used:

$$\text{DRC} = ((\text{CRC} - \text{RV}) \times \text{RUL/EUL}) + \text{RV}$$

Replacement costs are “green field”, unless there is evidence of definite cost variance due to brown-field” modifications. Capital unit costs vary from site to site and provision is made “for site specific influencing factors (e.g. topography). Capital unit costs are also influenced by macro-economic driving forces such as “supply-and-demand”, economy of scale, financial markets and availability of contractors, and the impact of these factors are reflected in the capital unit rates where applicable. Adjustments of rates for escalation to the valuation date are applied.

Self-constructed assets

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that can be classified as fixed assets and that are constructed by the municipality should be recorded in the asset register and depreciated over its estimated useful life for that category of asset. Proper records are kept such that all costs associated with the construction of these assets are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalized as an asset

Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include at interest on bank overdrafts and short-term and long-term borrowings, amortization of premiums or discounts Associated with such borrowings, amortization of ancillary costs incurred in connection with The arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded As an adjustment to interest costs. Borrowing costs shall be capitalized if related to Construction of a qualifying asset to get ready for its intended use or resale and external funding is sourced to fund the project.

Investment property

Where available, initial recognition will take place on the cost model. Should relevant cost data not be available, a fair value determination will be made based on the valuation roll. Subsequent measurement and disclosure will be subject to an annual fair value assessment.

If the council of the municipality constructs or develops a property for future use as an investment property, such property shall in every respect be accounted for as PPE until it is ready for its intended use – where after it shall be reclassified as an investment asset.

Intangible assets

An item of intangible asset acquired by the municipality is recognized at cost. Where an Intangible asset is acquired at no or nominal cost (for example in the case of donated or developer-created), or reliable costs data is not available, its cost is deemed to be its fair value at the date of acquisition.

(b) Policy

Fixed assets that qualify for recognition shall be capitalized at cost.

In cases where complete cost data is not available or cannot be reliably linked to specific assets, the fair value of fixed assets shall be adopted on the following basis:

- PPE infrastructure, community assets, other assets, staff housing (moveable and immoveable);: depreciated replacement;
- PPE land: values from the valuation roll (or, in the event that such is not available, depreciated replacement cost);
- Heritage assets (that do not qualify as any other PPE): no value shall be indicated.
- Investment property: values from the valuation roll ; and
- Intangible assets: depreciated replacement cost.

(c) Responsibilities

- The CFO, in consultation with the Municipal Manager and Senior Managers, shall determine effective procedures for the capitalization of fixed assets on recognition.
- Every Senior Manager shall ensure that all fixed assets under their control are correctly capitalized.

9.6 MEASUREMENT AFTER RECOGNITION

(a) Definitions and rules

Options

Accounting standards allow measurement after recognition on either a cost or revaluation model. Different models can be applied, providing the treatment is consistent per asset class.

Cost model

After recognition, an asset is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation model

After recognition, an asset (whose value can be measured reliably) is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets

should be revalued. Revaluation is to be executed by persons with suitable professional qualifications and experience. Any change to an Assets carrying amount as a result of revaluation, is credited (or deducted from any surplus from previous revaluations) in the Revaluation Reserve.

The revaluation surplus is transferred to accumulated surpluses/deficits on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such fixed asset before the revaluation in question is transferred from the revaluation reserve to the municipality's appropriation account. An adjustment of the aggregate transfer is made at the end of each financial year. If the carrying amount based on the revaluation is less than the Carrying value of the fixed asset recorded in the fixed asset register, the carrying value of such Asset is adjusted by increasing the accumulated depreciation of the fixed asset in question by An amount sufficient to adjust the carrying value to the value based on the revaluation. Such additional depreciation expenses form a charge, in the first instance, against the balance in any revaluation reserve previously created for such asset, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge Against the department or vote controlling or using the asset in question.

Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate an asset is recognized at the time the cost is incurred, and any previous statutory Inspection cost is de-recognized.

Expenses to be capitalized

Expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset), or in the material extension of the useful operating life of a fixed asset are capitalized. Such expenses are recognized once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed) – prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of a fixed asset that ensures that the useful operating life of the asset is attained, shall be considered as operating expenses and are not capitalized, irrespective of the quantum of the expenses concerned.

Investment property

After initial recognition, investment property is subject to a fair value assessment at each reporting date (if the fair value model is adopted). The municipality considers the Valuation Roll to reflect fair value. The fair value adjustment (increase or decrease) is recognized in the Statement of Financial Performance. Between fair value assessments, expenses are capitalized as indicated above.

Spares

The location of capital spares shall be amended once they are placed in service, and reclassified to the applicable PPE asset sub-category.

(b) Policy

Measurement after recognition shall be on the following basis:

- Immoveable PPE except land: revaluation model using depreciated replacement cost at least every 5 years.
- Moveable PPE: cost model;
- Heritage assets: cost model;
- PPE Land and Investment property: fair value approach - values established in each update of the Valuation Roll; and
- Intangible assets: cost model. Changes in asset value as a result of revaluation shall be reflected in a Revaluation Reserve.

(c) Procedures and rules

- The CFO, in consultation with the Municipal Manager and Senior Managers, shall determine effective procedures for the ongoing capitalization of fixed assets after recognition
- Every Senior Manager shall ensure that all capital expenses associated with fixed assets under their control are correctly capitalized.
- Every Senior Manager shall ensure that revaluations are conducted where applicable to fixed assets under their control

9.7 DEPRECIATION

(a) Definition and rules

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its remaining useful life. (The amortization of intangible assets is identical). Land, servitudes and heritage assets are considered to have unlimited life and are not depreciated. Investment Property is not depreciated if the fair value model is adopted.

Depreciable amount

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Residual value

The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual values of assets are indicated in Annexure A in the form of a percentage. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the modern equivalent replacement value.

Depreciation method

Depreciation of PPE is applied at the component level. A range of depreciation methods exist and can be selected to model the consumption of service potential or economic benefit (for example the straight line method, diminishing amount method, fixed percentage on reducing balance method, sum of the year digits method, production unit method).

Remaining useful life

The remaining useful life of a depreciable fixed asset is the time remaining until an asset
Ceases to provide the required standard of performance or economic usefulness.

The remaining useful life of all depreciable fixed assets at initial recognition is the same as the expected useful life indicated in **Annexure A**. These figures have been established using available information on industry norms, experience of local influencing factors (such as climate, geotechnical conditions, and operating conditions), the life-cycle strategy of the municipality, potential technical obsolescence, and any legal limits on the use of the asset.

Depreciation charge

Depreciation starts once an asset is recognized and available for use, and ceases when it is de-recognized. Depreciation is initially calculated from the day following the day in which a fixed asset is

acquired or – in the case of construction works and plant and machinery – the day following the day in which the fixed asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges are calculated monthly

Carrying amount

The carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

Capital spares

The depreciation of capital spares commences immediately they are available in the stores. The depreciation continues once they are placed in service, or subsequently removed from service.

(b) Policy

All fixed assets, except land, heritage assets and servitudes, shall be depreciated over their remaining useful lives. In all cases, the straight line method of depreciation shall be used.

(c) Responsibilities

- Every Senior Manager shall ensure that a budgetary provision is made for the depreciation of the fixed assets under their control in the ensuing financial year, in consultation with the CFO.
- Every Senior Manager shall review the expected useful life stated in **Annexure A** of assets that are under their control and motivate to the Municipal Manager and CFO any adjustments if, in the judgment of the Senior Manager, such are not considered appropriate. This should not happen continuously because the accounting principle of consistency would be violated

- The CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

9.8 IMPAIRMENT

(a) Definition

Impairment

Impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Indications of impairment

The municipality must each year test assets for impairment losses if, and only if, there has been an indication of any of the following.

- external sources of information:
- decline or cessation in demand;
- changes in the technological, legal or government policy environment; or
- internal sources of information:
- evidence of physical damage;
- evidence of obsolescence;
- construction is halted before it is usable or complete; or
- evidence that service performance is significantly worse than expected; or
- Other indications, such as loss of market value.

The municipality must however test all intangible assets that have indefinite useful life and those not yet available for use. The municipality must only record impairments that are significant and have an enduring adverse effect (material and long-term impact). The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must also consider adjustment of the remaining useful life, residual value, and method of depreciation.

Impairment loss

An impairment loss of a non-cash-generating unit is the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price and its value in use.

Non-cash-generating units

Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit, such as infrastructure and community facilities. Typically there will not be an active market for such assets, and in such cases the municipality may use the asset's value in use as its recoverable service amount. The value in use of a non-cash generating unit is defined as the present value of the asset's remaining service potential. This can be determined using any of the following approaches;

- the Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimized Depreciated Replacement Cost (ODRC) approach may be used);
- the restoration cost approach (the Depreciated Replacement Cost less cost of restoration) – usually used in cases where there has been physical damage; or
- the service units approach (which could be used for example where a production units model of depreciation is used).

Where the present value of an asset's remaining service potential (determined as indicated above) exceeds the carrying value, the asset is not impaired – this will normally be the case unless there has been a significant and enduring event as indicated above.

Cash-generating unit

Cash-generating units are those whose assets are held with the primary objective of generating a commercial return (in the municipal arena this would typically apply to Investment property). However, when the municipality adopts the fair value model for investment property, impairment does not apply.

When the cost model is adopted, fair value is determined in accordance with the rules indicated for measurement after recognition. Costs to sell are the costs directly attributable to the disposal of the asset (for example agents fees, legal costs), excluding finance costs and income tax expenses. The value in use is determined by estimating the future cash inflows and outflows from the continuing use of the asset and at the end of its useful life, including factors to reflect risk in the respective cash-flows, and the time value of money.

Recognition of impairment

The impairment loss is recognized as an expense when incurred (unless the asset is carried at a revalued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Once an asset has been impaired to such an extent that no future economic benefit is likely to flow from the asset, it is derecognized and the carrying amount of the asset at the time of derecognizing, less any economic benefit from the disposal of the asset, is debited to the statement of financial performance as a “Loss on Disposal of Asset”.

In the event of compensation received for damages to an item of PPE and the item is not to be repaired to its original state, the compensation is considered as the asset’s ability to generate income and is disclosed under Sundry Revenue; and the asset is impaired. Should repairs be performed, the compensation is offsetted against the repair cost.

Reversing an impairment loss

The municipality must assess each year from the sources of information indicated above whether there is any indication that an impairment loss recognized in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increased to its recoverable amount (providing that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior periods). Any reversal of an impairment loss is recognized as a credit unless the asset is carried at a revalued amount, in which case it is treated as an increase in the Revaluation Reserve.

(b) Policy

Impairment of fixed assets shall be recognized as an expense and improvements/fair value adjustments as a gain. Ad-hoc impairment shall be identified as part of normal operational management as well as scheduled annual inspections of the assets. Impairment losses of immovable PPE shall also be identified as an inherent part of the periodic revaluations.

(c) Responsibilities

- The CFO shall indicate a fixed annual date for the review of remaining useful life of assets under the control of the respective Senior Managers.
- The Senior Managers shall review the remaining useful life of all assets under their control at the annual review date, and from time to time as a result of any events that come to their attention that may have a material effect on some or all such assets. The Senior Manager shall motivate to the CFO proposed changes to the remaining useful of such assets.
- The CFO shall report changes made to the remaining useful life of assets in the asset register to the Municipal Manager and Council.

9.9 DE-RECOGNITION

(a) Definition and rules

De-recognition

A fixed asset is derecognized on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The carrying amount of an asset and the net disposal proceeds (or cost of de-commissioning and/or disposal of an asset) shall be included in the surplus or deficit when the item is derecognized.

Assets that are associated with the provision of basic services cannot be disposed without the approval of Council.

Disposal of assets should be at market-related value (or auction/tender in the case of moveable assets).

(b) Policy

Fixed assets for which no future economic benefits or service potential are expected shall be identified and methods of disposal and the associated costs or income considered by Council. The carrying amount of an asset shall be derecognized when no future economic benefits or service potential are expected from its use or its disposal.

(c) Responsibilities

- An asset shall be written off only on the recommendation of the Senior Manager of the department controlling the asset, and with the approval of the Municipal Manager.
- Every Senior Manager shall report to the CFO on 31 October and 30 April of each financial year on any fixed assets which such Senior Manager wishes to have written off, stating in full the reason for such recommendation, indicating whether or not the assets are associated with the provision of basic services. The CFO shall consolidate all such reports, and shall promptly make a submission to the Disposals Committee with a copy to the Municipal Manager on the fixed assets to be written off. The Disposals Committee shall consider the submission and make recommendations to the Council for adoption.
- Assets that are replaced should be written off and removed from the asset register.
- The Municipal Manager, in consultation with the CFO and other Senior Managers Shall emulate norms and standards from the replacement of all normal operational fixed assets.

9.10 INSURANCE OF FIXED ASSETS

(a) Definition and rules

Insurance provides selected coverage for the accidental loss of asset value.

Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury. The municipality can however elect to insure certain infrastructure risks, though approval must be obtained from the Council.

The municipality may elect to operate a self-insurance reserve, in which case the CFO shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the Senior Managers concerned.

(b) Policy

The Municipal Manager shall ensure that material movable assets in value and substance are insured at least against destruction, fire and theft, and that all municipal buildings are insured at least against fire and allied perils. The municipality must adhere to the Disaster management plan for prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster.

(c) Responsibilities

- The Municipal Manager shall recommend to the Council, after consulting with the CFO, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such Recommendation shall take due cognizance of the budgetary resources of the Municipality, and where applicable asset classes shall be prioritized in terms of their risk exposure and value
- In the event that the CFO is directed by Council to establish a self-insurance Reserve, the CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

10 POLICIES FOR SAFEGUARDING FIXED ASSETS

(a) Definitions and rules

The municipality applies controls and safeguards to ensure that fixed assets are protected against improper use, loss, theft, malicious damage or accidental damage.

The existence of assets is physically verified from time-to-time, and measures adopted to control their use and movement.

Budgetary constraints may however constrain the measures adopted.

(b) Policy

An asset safeguarding plan shall be prepared for all assets indicating measures that are considered effective to ensure that all fixed assets under control of the municipality are appropriately safeguarded from inappropriate use or loss. The impact of budgetary constraints on such measures shall be reported to Council. The existence, condition and location of assets shall be verified bi-annually (in line with the assessment of impairment). No asset may be moved without the prior consent of the respective Senior Manager and notification of the CFO.

(c) Responsibilities

- Each Senior Manager shall prepare and submit to the CFO, upon request, an annual asset safeguarding plan for the assets under the control of their respective departments, indicating the budget required. The CFO shall confirm the available budget, and in consultation with the respective Senior Managers, determine the impact of any budget shortfall. The CFO shall report the impacts to the Municipal Manager for review, and advise Council. Each Senior Manager shall implement the safeguarding plan within the resources made available.
- Each Senior Manager shall report, within the time frame indicated by the CFO, the existence, condition, location and appropriate use of fixed assets under the control of their respective departments at the review date.
- The CFO shall establish procedures for the effective management of movement of assets from one location to another (both internal and external), transfers of assets from one custodian to another, and reporting damage, in consultation with the senior manager.
- Senior Managers shall enforce the application of the procedures for controlling the movement of assets as prescribed by the CFO.
- Senior Managers shall ensure that rented assets, such as photocopy machines, shall not be moved, unless by duly authorized staff.
- Malicious damage, theft, and break-ins must be reported to the Municipal Manager or delegated person within 48 hours of its occurrence or awareness by the respective Senior Manager.
- The Municipal Manager must report criminal activities to the South African Police Service.

11 POLICY FOR LIFE-CYCLE MANAGEMENT OF PPE ASSETS

(a) Definitions and rules

Service delivery

PPE assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance.

Asset management

The goal of asset management of PPE is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

The core principles are:

- taking a life-cycle approach;
- developing cost-effective management strategies for the long-term;
- providing a defined level of service and monitoring performance;
- understanding and meeting the impact of growth through demand management and infrastructure investment;
- managing risks associated with asset failures;
- sustainable use of physical resources; and
- continuous improvement in asset management practices.

(c) Policy

The municipality shall provide municipal services for which the municipality is responsible, at an appropriate level, and in a transparent, accountable and sustainable manner, in pursuit of legislative requirements and in support of its strategic objectives, according to the following core principles;

- **Effective governance**

The municipality shall strive to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected.

To this end, the municipality shall:

- continue to adhere to all constitutional, safety, health, systems, financial and asset related legislation;
- regularly review and update amendments to the above legislation;
- review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and

- Effectively apply legislation for the benefit of the community.
- **Sustainable service delivery**

The municipality shall strive to provide to its customers services that are technically, environmentally and financially sustainable.

To this end, the municipality shall:

- Identify a suite of levels and standards of service that conform with statutory requirements and rules for their application based on long-term affordability to the municipality.
- identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- identify current and future demand for services, and demand management strategies;
- set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew, and dispose infrastructure assets, where applicable in line with national targets;
- apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- prepare and adopt a maintenance strategy and plan to support the achievement of the required performance;
- Allocate budgets based on long-term financial forecasts that take cognizance of the full life-cycle needs of existing and future infrastructure assets and the risks to achieving the adopted performance targets.
- strive for alignment of the financial statements with the actual service delivery potential of the infrastructure assets; and
- Implement its tariff and credit control and debt collection policies to sustain and protect the affordability of services by the community.

- **Social and economic development**

The municipality shall strive to promote social and economic development in its municipal area by means of delivering municipal services in a manner that meet the needs of the various customer user-groups in the community.

To this end, the municipality shall:

- regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- implement changes to services in response to changing customer needs and expectations where appropriate;
- foster the appropriate use of services through the provision of clear and appropriate information;
- ensure services are managed to deliver the agreed levels and standards; and
- Create job opportunities and promote skills development in support of the national EPWP.

- **Custodianship**

The municipality shall strive to be a responsible custodian and guardian of the community's assets for current and future generations.

To this end, the municipality shall:

- establish a spatial development framework that takes cognizance of the affordability to the municipality of various development scenarios.
- establish appropriate development control measures including community information;
- cultivate an attitude of responsible utilization and maintenance of its assets, in partnership with the community;
- ensure that heritage resources are identified and protected; and
- ensure that a long-term view is taken into account in infrastructure asset management decisions.

- **Transparency**

The municipality shall strive to manage its infrastructure assets in a manner that is transparent to all its customers, both now and in the future.

To this end, the municipality shall:

- develop and maintain a culture of regular consultation with the community with regard to its management of infrastructure in support of service delivery;
- clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- avail asset management information on a ward basis; and
- Continuously develop the skills of councilors and officials to effectively communicate with the community with regard to service levels and standards.

- **Cost-effectiveness and efficiency**

The municipality shall strive to manage its infrastructure assets in an efficient and effective manner.

To this end, the municipality shall:

- assess life-cycle options for proposed new infrastructure in line with the Supply Chain Management Policy;
- regularly review the actual extent, nature, utilization, criticality, performance and condition of infrastructure assets to optimize planning and implementation works;
- assess and implement the most appropriate maintenance of infrastructure assets to useful life of infrastructure assets;

- continue to secure and optimally utilize governmental grants in support of the provision of free basic services;
- implement new and upgrading construction projects to maximize the utilization of budgeted funds;
- ensure the proper utilization and maintenance of existing assets subject to availability of resources;
- establish and implement demand management plans;
- timeously renew infrastructure assets based on capacity, performance, risk exposure, and cost;
- timeously dispose of infrastructure assets that are no longer in use;
- review management and delivery capacity, and procure external support as necessary;
- establish documented processes, systems and data to support effective life-cycle infrastructure asset management;
- strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- Conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.

(d) Responsibilities

- Upon instruction from the Council, the Municipal Manager shall establish an Asset Management Steering Committee to meet regularly and to take measures to effectively implement this policy, and to report to Council on progress made at a frequency indicated by Council.
- Within 2 years of adoption of this policy, Senior Managers shall develop, and update at least every 3 years thereafter, an Asset Management Plan (AMP) for each service involving fixed assets that shall assess levels and standards of service, future demand, risk, determine a lifecycle plan for a minimum 10 year planning horizon, and identify management practice improvement needs (3 year horizon). The Amps will be submitted through the Municipal Manager to Council for adoption. Amps shall be used to inform the preparation of a Comprehensive Municipal Infrastructure Plan and budgets through the IDP process.
- The CFO shall, in consultation with Senior Managers, determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilization for that are common and applicable to all services. Where necessary, the Senior Managers shall interpret the grading scales for the PPE assets under their control. Senior Managers shall determine the grading of all PPE assets under their control at a level of accuracy considered appropriate to the municipality's resources, at least every 5 years.
- Within 2 years of the adoption of this policy, Senior Managers shall prepare, and review at least every 3 years thereafter, an Operations and Maintenance Strategy and Plan, and submit such, through the Municipal Manager, to Council for adoption.

- Within 2 years of the adoption of this policy, Senior Managers shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the Municipal Manager, to Council for adoption. Senior Managers shall establish a monitoring regime, and report actual performance each financial year.
- The Municipal Manager shall establish procedures to ensure that legislative requirements regarding the management of capital assets, including but not limited to health and safety, and environmental protection, are documented and advised to Senior Managers. Senior Managers shall address legislative needs in their strategies and plans, and shall enforce implementation.

12 POLICY IMPLEMENTATION

Detailed procedures shall be prepared and adopted by the Municipal Manager, in consultation with the CFO and Senior Managers, to give effect to this policy.

ANNEXURE A:**EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF ASSETS****1. PROPERTY PLANT AND EQUIPMENT****a) Roads and storm-water**

ASSET TYPE	COMPONENT TYPE	USEFUL LIFE	RESIDUAL (%)
Name	Name		
Pavements	Bituminous surface - thick	12	0
	Bituminous surface – medium	9	0
	Bituminous surface – thin	5	0
	Gravel surface	3	0
	Concrete/block surface	20	0
	Structural layers –		
	paved arterial/distributors	30	30
	Structural layers - paved collectors	50	30
	Structural layers – paved access roads	80	30
Earthworks	Cut and fill earthworks	100	50
Road drainage	Kerbs- Arterial/Distributor	20	0
		20	0
	Kerbs - Collector/Access		
	Kerb inlets Lined open drain	50	0
Road Furniture	Guard Rail	15	0
	Commuter Shelter	15	0

	Road Marking	5	
	Mini roundabout	20	
	Speed hump	20	
	Traffic island	20	
	Footpaths	20	
	Street Signs	20	
	Traffic signs	7	
	Traffic signal	15	
Bridges	Super-structure	100	
	Sub-structure	100	
	Side barrier	60	
	Abutment	100	
Culverts	Major Culvert	60	0
Retaining walls	Anchored wall	100	0
	Retaining wall		
Storm-water Conveyance	Canal lining		0
	Gabions		
	Rip rap		

b) Mechanical and electrical plant

Borrowing Policy

Date approved : 1 May 2010

Operation date: 1 July 2010

1. Purpose

- 1.1. To establish a borrowing framework policy for the Municipality and set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds.

2. Objectives

- 2.1. Manage interest rate and credit risk exposure.
- 2.2. Maintain debt within specified limits and ensure adequate provision for the repayment of debt.
- 2.3. To ensure compliance with all legislation and council policy governing borrowing of funds.

3. Scope of Application

- 3.1. The primary goal in the borrowing of funds is to ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorised borrowings.
 - 3.1.1. Risk Management: the need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective. Diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure.
 - 3.1.2. Cost of Borrowings: the borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation.
 - 3.1.3. Prudence: borrowings shall be made with care, skill, prudence and diligence. The standard of prudence to be used shall be the “prudent person” standard and shall be applied in the context of managing overall debt. Officials are required to adhere to:
 - Written procedures and these guidelines
 - Exercise due diligence
 - Prepare all reports timeously
 - Ensure strict compliance with all Legislation and Council policy

3.1.4. Ownership: all loans must be in the name of Albert Luthuli Municipality

4. Legislative Framework and Delegation of Authority

The relevant Legislation and regulations in terms of which borrowing decisions are governed is Local Government Municipal Finance Management Act, No 56 Of 2003.

5. Types of Loans

- 5.1. **“Vanilla” loans:** are straight forward and uncomplicated. The loan amount, interest rate and repayment period offered by the Financial Institution are fixed. The calculation of the instalment payable on an annuity basis is simple and straightforward. Normally with a “vanilla” loan, the instalment of the loan will be repaid in equal six monthly instalments over the term of the loan. The capital portion of the instalment will increase over the duration of the loan, and conversely, the interest charged will decrease over the loan period. Where the interest rate offered by the Financial Institution is on a variable basis, an interest rate swap (IRS) must be taken out. An IRS agreement will need to be signed with the party agreeing to accept the variable rate and offer the fixed rate to the Municipality. An Interest Rate Swap Agreement must comply with the terms set out by the International Swap Dealers Association.

The fixing of debt repayments is an important consideration in meeting the legal requirement of the Municipality, that of annually producing a balance budget. Debt servicing comprises some 5% of the annual operating budget hence the need for certainty of annual debt payments.

There are from time to time various options offered from Financial Institutions which need to be treated on their merits and which invariably result in slightly lower interest rates being offered. Recent examples include the pledging of a specific income stream, the use of council owned property as a form of security, etc.

- 5.2. **Structured Finance Loans:** in its simplest form, a structured finance loan is one where the lender, who is a tax payer, uses certain tax “claims” and effectively passes a portion of this benefit onto the Municipality by way of a reduced interest rate.

The advantage of this type of financing is that the benefits are utilised, giving the borrower a lower interest rate on the loan. The disadvantage is that any amendments in South African tax laws or the underlying assumptions in the financial model determining the structure of the loan will result in changes in the overall interest rate.

It must be appreciated that before entering into any structured finance contract the Municipality, being a Statutory body will carefully scrutinise all aspects of the structured finance loan agreement including seeking legal advice both from the Head: Legal and where necessary from Senior Legal Counsel to ensure that the Municipality is not participating in a structure which the South African Revenue Service may deem to be one which leads to tax evasion. The Municipality will always adopt a prudent and carefully evaluated approach before entering into structured finance loan agreements.

- 5.3. **Bonds:** is an instrument used by Government and Parastatals such as Telkom, Eskom, Trasnet, Corporate and Municipalities to raise loan capital on the open market. Bond holders have the right to interest usually paid on a semi annual basis and the repayment of the capital amount reflected on the stock certificate held on maturity date. The coupon, maturity, principal value and market value are intrinsic features of a Bond.

The most critical variable factor in determining Bond rates is the expected long term trend in inflation, in order to provide a return that equals inflation plus a risk premium. The higher the risk attached to a borrower, the higher will be the risk premium investors will demand.

During its tenure the Bond will trade on the Bond market at prevailing interest levels. The price of a bond trading at any given time on the market is a function of prevailing interest rates. Bond prices move inversely to movements in interest rates.

6. Other Considerations

The factors to be considered when borrowing:

- The type and extent of benefits to be obtained from the borrowing.
- The length of time the benefits will be received
- The beneficiaries of the acquisition or development
- The impact of interest and redemption payments on both current forecasted property tax income.
- The current and future capacity of the property tax base to pay for borrowings and the rate of growth of the property tax base.
- Likely movements in interest rates for variable rate borrowings.
- Other current and projected sources of funds.
- Timing of money market interest rate movements and the long term rates on the interest rate curve

The Municipality will in general seek to minimize its dependence on borrowings in order to minimize future revenue committed to debt servicing and redemption changes.

The Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery.

7. Refinancing Debt

Section 46 of the MFMA provides that the Municipality may refinance existing long term debt if such refinancing is in accordance with the prescribed framework. The Municipality may borrow money for the purpose of refinancing existing long term debt, provided the existing long term debt was lawfully incurred and the refinancing will not extend the term of the debt beyond the useful life of the infrastructure, property, plant or equipment for which the money was originally borrowed. Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement as part of the financial feasibility assessment.

No loans will be prematurely redeemed unless there is a financial benefit to the Municipality.

8. Debt Repayment Period

Whilst the period for which loan debt may be received will vary from time to time according to the needs of the various lenders, presently the typical debt repayment period for loans is between ten to twenty years, closely matching the underlying asset lives serviced by the loans.

Cognisance is taken of the useful lives of the underlying assets to be financed by the debt and moreover careful consideration is taken of the interest rates on the interest yield curve should it be established that it is cost effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimise the most favourable and cost effective benefit to the Municipality.

9. Security

The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions a debt that the Municipality may incur in future until the secure debt is settled

Currently four loans require cessions of insignificant of the property tax income to the Bank.

10. Short Term Debt

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.

The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt.

The Municipality may, in terms of the Municipal Finance Management Act incur short term debt only if the Chief Finance Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by Municipality, or is necessary due to an emergency that could not reasonably have been foreseen and cannot await Council approval.

11. Disclosure

Any Official involved in the securing of loans by the Municipality must, when interacting with a prospective Lender or when preparing documentation for consideration by a prospective Investor disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to secure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 Of the Municipal Finance Management Act.

12. Guarantees

The Municipal Finance Management Act provides that the Municipality may not guarantee any debt of any entity unless the entity is a Municipal entity und3er its sole ownership control. The debt must be reflected in the approved business plan of the entity. The guarantee must be authorised by the Municipality. This must be done in the same manner and subject to the same conditions applicable to any other borrowings.

13. Approval of Loans by the Municipality

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt including the amount of the proposed debt the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt.

A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of –

- the essential repayment terms, including the anticipated debt repayment schedule; and
- the anticipated total cost in connection with such debt over the repayment period.

14. Provision for Redemption of Loans

The municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments especially when the repayment is to be met by a bullet payment on the maturity date of the loan. These sinking funds may also be invested directly with the Lender's Bank. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid. Use can also be made of guaranteed endowment policies to facilitate the payment on maturity date.

15. Non- Repayment or Non-Servicing of Loan

The Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favourable costs of borrowing.

Failure to pay any loan instalment, even by one day and even if only through administrative oversight, will have severe repercussions, and may jeopardise the Municipality's credit rating.

In addition to the timeous payment of the loans the Municipality must adhere to the covenants stipulated in the loan agreements and the undermentioned are some examples of typical covenant requirements:

- furnish audited annual financial statements timeously
- long term credit rating not to decline below A+
- reporting of material changes in financial position of the Municipality
- material changes in the functions, power and duties of the Municipality

16. Prohibited Borrowing Practices

In the past some Municipalities have borrowed funds with the sole purpose of investing them to earn a return. The motive was clearly speculative. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments. Consequently as a principle, Albert Luthuli Municipality does not borrow for investment purposes but depending on the shape of the interest yield curve may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve.

Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt is denominated in Rand and not indexed to, or affected by fluctuations in the value of the Rand against any foreign currency.

17. Internal Control

The internal control procedures involve Internal Audit and Performance Management and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis. In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.

Controls deemed most important include –

- Control of collusion, separation of duties,
- Custodial safekeeping of loan agreements and contracts,
- Clear delegation of duties
- Documentation of transactions and repayments
- Code of ethics and standards
- Electronic Funds Transfer limits and a detailed procedure manual for the system.

18. National Treasury Reporting and Monitoring Requirements

The Municipality submits numerous returns to National Treasury. It is mainly coordinated by the Accounting Division. One such report deals with the Municipality's external interest paid each month. Another return, prepared on a quarterly basis, requires the Municipality to itemise all its external borrowings for the quarter ended.

19. Municipal Regulations on Debt Disclosure

The Municipal Regulations on Debt Disclosure has been promulgated (Government Gazette no. 29966. 15 June 2007) and has been effective from 01 July 2007 for a municipality or municipal entity.

The implementation of the regulations will help to strengthen the level of confidence in municipal fiscal affairs and enable the capital markets to effectively participate by providing access to a range of competitive funding instruments for the provision of municipal infrastructure and other capital development in accordance with section 46 of the Municipal Finance Management Act.

Capital Projects Policy

Date approved : 1 May 2010

Operation date: 1 July 2010

1. Introduction

- 1.1. This policy of the Albert Luthuli Municipality has been developed to comply with –
 - 1.1.1. the Municipal Budget and Reporting Regulations, 2008 as published by National Treasury as Notice 393 in the Government Gazette No. 32141 on 17 April 2009;
 - 1.1.2. the MFMA Funding Compliance Guideline as published by National Treasury on 10 March 2008; and
 - 1.1.3. the MFMA Circular No. 48 as issued by National Treasury on 2 March 2009.
 - 1.1.4. the MFMA Circular No. 51 as issued by National Treasury on 19 February 2010.
- 1.2. The ALM has adopted its Fixed Asset Management Policy, which incorporates (in section 11) the municipality's Infrastructure Asset Management Policy. As a consequence, this Capital Projects Policy will complement the Fixed Asset Management Policy with regard to issues not covered under that policy.
- 1.3. For the purposes of this policy, "Capital Projects" means –
 - 1.3.1. the acquisition, transfer or construction of any asset whose value exceeds the capitalisation threshold; or
 - 1.3.2. the upgrading, renovation, modification, decommissioning or disposal of any asset, where the work to be undertaken exceeds the capitalisation threshold.

2. General Principles

When implementing this policy, the latest -

- Guidelines for Infrastructure Asset Management in Local Government; and
- Guidelines for Compiling a Comprehensive Infrastructure Plans for a Municipality as issued by the DPLG or subsequently updated by the Department of Co-operative Governance and Traditional Affairs, will be adhered to.

3. Planning of Capital Projects

- 3.1. The municipality shall develop an Infrastructure Asset Management Strategy (IAMS) that will be used to inform both the IDP and Comprehensive Municipal Infrastructure Plan (CMIP), although the IDP will also be used to provide input to both the IAMS and CMIP with respect to the current and future needs of the community. The IAMS should be a long-term strategy, preferably covering a period of no less than 20 years.

- 3.2. As outlined in section 2.5 of the Guidelines for Infrastructure Asset Management in Local Government, the Infrastructure Asset Management Strategy should address the following issues:
 - 3.2.1. defines Customer Groups and Service Areas;
 - 3.2.2. defines criteria and measures for the levels and standards of service for each network;
 - 3.2.3. records existing (baseline) levels and standards of service;
 - 3.2.4. states a policy on target levels and standards of service based on an assessment of long term affordability to the municipality;
 - 3.2.5. charts a course for the development of infrastructure in line with the entity's vision;
 - 3.2.6. defines a process where targets are set each year and reflected in the Service Delivery and Budget Implementation Plan;
 - 3.2.7. defines a funding strategy;
 - 3.2.8. defines the project prioritisation and budget allocation process;
 - 3.2.9. defines key infrastructure management processes and standardized procedures including:
 - the establishment and ongoing maintenance of an Infrastructure Asset Register;
 - the preparation of an Infrastructure Asset Management Plan for each network, and the update period; and
 - the preparation of an Operations and Maintenance Plan for each network;
 - 3.2.10. requires the preparation of an comprehensive municipal infrastructure plan each year to inform the IDP;
 - 3.2.11. defines coordination measures for infrastructure planning and implementation;
 - 3.2.12. describes the functionality of a central infrastructure asset management system, and define data standards;
 - 3.2.13. indicates the principles of the accounting treatment of infrastructure assets and the linkages of the infrastructure asset management system to the financial system;
 - 3.2.14. defines the process to be adopted in managing physical risk of networks and the entity's risk appetite;
 - 3.2.15. commits to a process of continuous improvement of infrastructure management and planning practice and states the methodology to be used; and
 - 3.2.16. allocates responsibility for infrastructure asset management to specific individuals.

- 3.3. No Capital Project may be initiated unless it is in line with the municipality's Asset Management Strategy.

- 3.4. Capital Projects should only be undertaken after consideration of –
 - 3.4.1. the political targets
 - 3.4.2. the community needs
 - 3.4.3. any technical requirements
 - 3.4.4. demand management options; and
 - 3.4.5. systemic risks as identified in the municipality's IDP and Infrastructure Asset Management Strategy.

- 3.5. All Capital Projects should meet the regulatory standards, service levels and technical design specifications as required for each type of asset included within the project, or service to be delivered by the project on completion.
- 3.6. In preparing for a Capital Project, the following should be included –
 - 3.6.1. timing and timeframes of all processes (including design, procurement, regulatory approvals, etc);
 - 3.6.2. life-cycle budgeting and the identification of concomitant sources of funding;
 - 3.6.3. project-specific risk management; and
 - 3.6.4. preparation of one or more feasibility and viability studies.
- 3.7. Capital Projects that will require additional personnel to be appointed (either during the construction or operational phases), must have associated costs included in the life-cycle budget, and approval for any additional posts must be obtained prior to the initiation of the project.
- 3.8. No Capital Project that will involve the use of consultants or contractors may be initiated without suitable internal capacity being available to undertake the anticipated contract management. While a degree of contract management can be outsourced, ultimate responsibility must be assigned to an official of the municipality, who must be suitably qualified or have appropriate experience, and who must undertake their assigned tasks with due diligence.
- 3.9. Should any Capital Project include the construction of new offices to accommodate the municipal council, the municipality's main administration or both, the municipal manager must in terms of section 74 of the MFMA (as set out in MFMA Circular 51) submit to National Treasury the following information –
 - 3.9.1. A motivation as to why the proposed new office building is necessary;
 - 3.9.2. A detailed costing of the proposed new office building;
 - 3.9.3. An outline of how the project is to be financed; and
 - 3.9.4. An overview of the service delivery infrastructure backlogs in the municipality.

4. Approval of Capital Projects

- 4.1. In addition to the required technical and engineering approvals, every Capital Project should be approved by the director of every department prior to submission to the Municipal Manager.
- 4.2. Before submission to Council, the Capital Project Proposal document should be endorsed to confirm that the project as set out in the document is in line with the municipality's Infrastructure Asset Management Strategy

- 4.3. Should the Capital Project involve expenditure over two or three financial years, a separate appropriation is required for each of those financial years (as per section 16(3) of the MFMA).
- 4.4. Should the Capital Project involve expenditure (or financial obligations, including retention) over four or more financial years, then the prescripts of section 33 of the MFMA must be adhered to, unless exempted in terms of section 33(2) of the MFMA.
- 4.5. Section 19(1) of the MFMA requires that –

(1) A municipality may spend money on a capital project only if –

- (a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);*
- (b) the project, including the total cost, has been approved by the council;*
- (c) section 33 has been complied with, to the extent that that section may be applicable to the project; and*
- (d) the sources of funding have been considered, are available and have not been committed for, other purposes.*

- 4.6. Section 19(2) of the MFMA requires that –

(2) Before approving a capital project in terms of subsection (1)(b), the council of municipality must consider

- (a) the projected cost covering all financial years until the project is operational; and*
- (b) the future operational costs and revenue on the project, including municipal tax and tariff implications.*

- 4.7. Every Capital Project must be specifically approved by Council, unless the Capital Project is below the value prescribed under the MFMA, in which case it may be approved as part of consolidated capital programme. Current prescribed values (as set out in section 13(2) of the Municipal Budget and Reporting Regulations) are –

- (a) capital projects of which the total projected cost is below 5% of the municipality's revenue, in the case of a municipality with approved total revenue in its current annual budget not exceeding R250 million;*

(b) capital projects of which the total projected cost is below 8% of the municipality's revenue, in the case of a municipality with approved total revenue in its current annual budget greater than R250 million but not exceeding R500 million; and

(c) capital projects of which the total projected cost is below R50 million, in the case of a municipality with approved total revenue in its current annual budget greater than R500 million.

- 4.8. Only after the Capital Project has been approved by Council may the costs be included in the Capital Budget – unless the expenditure needed for capital projects below the values set out in paragraph 4.7 above, in which case it may be included in the annual budget before the project is approved (as per section 13(4) of the Municipal Budget and Reporting Regulations).
- 4.9. Within ten working days after the Council has given individual approval for a Capital Project, the municipal manager must in accordance with section 21A of the Municipal Systems Act make public –
- 4.9.1. the municipal council resolution approving the capital project; and
 - 4.9.2. details of the nature, location and total projected cost of the approved capital project.
- (as per section 13(1) of the Municipal Budget and Reporting Regulations).

Infrastructure Investment Policy

Date approved : 1 May 2010

Operation date: 1 July 2010

1. Introduction

- 1.1. This policy of the Albert Luthuli Municipality has been developed to comply with –
 - 1.1.1. the Municipal Budget and Reporting Regulations, 2008 as published by National Treasury as Notice 393 in the Government Gazette No. 32141 on 17 April 2009;
 - 1.1.2. the MFMA Circular No. 51 as issued by National Treasury on 19 February 2010.
- 1.2. This policy supplements the Rates Policy and the Tariffs Policy, addressing the issue of developer contributions for property developments.

2. General Principles

- 2.1. Development within the Albert Luthuli Municipality is to be welcomed, so long as it is sustainable and beneficial to the local community as a whole (it should be noted that under the Rates Policy, developers are provided with a substantial rebate for undertaking developments of 10 or more units).
- 2.2. In order to ensure further development within the municipality, developer contributions will be kept to a minimum, and will only be required where the municipality believes that such development will have a substantive impact upon its existing infrastructure.
- 2.3. The municipality has its own development plan (the IDP), whose implementation will facilitate development of all communities within the municipality.
- 2.4. Where a developer wishes to undertake one or more projects that are not specifically provided for in the IDP, the developer may be required to fund the provision of bulk services required by that development.
- 2.5. Given the nature of the municipality, it is unlikely that there will be large numbers of developments (other than low-cost housing for which no developer contributions will be sought), and certainly the number and scale of private developments will not be comparable to municipalities which contain large urban areas.
- 2.6. As a result, this policy does not contain detailed formulae that will allow contributions to be systematically calculated for every type of development. Instead, this policy sets out a

broad framework under which the municipality may establish appropriate contributions towards engineering services on a project-by-project basis.

3. Developer Contributions for Property Developments

- 3.1. Whenever an application is received by the municipality for –
 - 3.1.1. township development;
 - 3.1.2. an extension of boundaries of townships;
 - 3.1.3. rezoning;
 - 3.1.4. a change of land-use rights; or
 - 3.1.5. a subdivision of a property,the Municipality must consider whether the proposed developments likely to arise from such an application will impact upon the provision of engineering services.
- 3.2. The engineering services to be considered in terms of this policy include:
 - 3.2.1. roads;
 - 3.2.2. storm-water drainage;
 - 3.2.3. sewerage (sanitation);
 - 3.2.4. electricity; and
 - 3.2.5. potable water supply.
- 3.3. If the Municipality has reason to believe that a development will impact upon its existing engineering services, it may –
 - 3.3.1. propose an estimated contribution towards the required engineering services; or
 - 3.3.2. if the developer so requests, allow the developer, prior to the approval of the application received, to appoint a professional engineer to calculate an appropriate contribution towards the required engineering services, in consultation with the Municipality and using data as provided by the Municipality.
- 3.4. Once the contribution towards engineering services has been agreed both by the developer and Municipality, such contribution shall be paid to the Municipality by the developer on approval of the relevant application.
- 3.5. The details of every agreement made between a developer and the Municipality together with the financial details of the contribution as contemplated in paragraph 3.5 above shall be made available to any member of the public upon request.
- 3.6. Until such time as the Municipality utilises these funds – which may only be used for engineering services - they shall be kept in the municipality's Capital Development Fund.

PART 3
SERVICES DELIVERY
AND BUDGET
IMPLEMENTATION
PLANS

PART 3

Planning and Economic Development – Executive summary, operating and capital budget

VOTE DESCRIPTION: FINANCIAL MANAGEMENT/ADMINISTRATION VOTE: 037											
Included under DEPARTMENT: <u>PED</u>											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
Ensure the management of the departmental budget is done in terms of the MFMA	To prepare a departmental SDBIP for the implementation of the departmental budget	Departmental SDBIP	Approved SDBIP	Departmental SDBIP implementation		Report on Dept SDBIP Implementation		Report on SDBIP Implementation		Report on departmental SDBIP implementation	
	To coordinate the info and compile an SDBIP for the whole municipality	SDBIP for the municipality approved by the Exec Mayor	SDBIP for the whole organisation	Submit SDBIP to Executive Mayor by 24 July 2010							

VOTE DESCRIPTION: FINANCIAL MANAGEMENT/ADMINISTRATION			VOTE: 037								
Included under DEPARTMENT: <u>PED</u>											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Annual review of tariffs	Reviewed tariffs	Approved new tariffs for 10/11			Review 10/11 tariffs		Publication of tariffs for comments by public		Approval of new tariffs for 10/11	
	Source funding for various projects/progra mmes	Number of Business Plans for funding	Five (3) business plans submitted	One (1) business plan		Two (1) business plans		Two (1) business plans			
To implement Batho Pele	Enforcement of departmental Service Delivery Charter	Compliance with the departmental Service Delivery Charter	100% implementati on of Service Delivery Charter							Batho Pele fully implemented	

VOTE DESCRIPTION: LOCAL ECONOMIC DEVELOPMENT

VOTE: 037/0177

Included under DEPARTMENT: PED

Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
					Target	Actual	Target	Actual	Target	Actual	Target
Enhancing Local Economic Development and Job Creation	Local Economic Development Strategy	Local Economic Development Strategy Approved by Council	31 May 2010	LED Strategy tabled before Council for Approval							
	Establishment of Local Economic Development Forum	Local Economic Forum Active by July 2010	July 2010			LED FORUM established					

VOTE DESCRIPTION: LOCAL ECONOMIC DEVELOPMENT

VOTE: 037/0177

Included under DEPARTMENT: PED

Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
					Target	Actual	Target	Actual	Target	Actual	Target
	Establishment of SMME Desk	SMME Desk in Operation	30 June 11							1 SMME Support Centre Operational	

VOTE DESCRIPTION: IDP / PMS

VOTE: 037/0138

Included under DEPARTMENT: PED

Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter	4 th Quarter		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
Implementation of the Performance Management System	Signing of Performance Agreements	All contract staff's and section 57's Perf. Agreements in place	All contract staff and section 57	All performance agreements signed							
	Facilitate training for departmental staff	Number of departmental staff trained	100% departmental staff's training needs met	25% of training needs		50% of training needs		75% of training needs		100% of training needs	
	Implementation of PMS and PMS Policy and Performance	Evaluation of Performance and Submission of Performance	Monthly, quarterly, half-yearly and Annual Reports	Quarterly reports		Quarterly reports and mid-year reports		Quarterly reports		Quarterly reports and annual reports	

VOTE DESCRIPTION: IDP / PMS			VOTE: 037/0138								
Included under DEPARTMENT: PED											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter	4 th Quarter		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Regulations	Reports									
Integrated Development Planning	Involve all stakeholders in the review of the IDP	IDP Reviewed by June 2010								100% involvement of stakeholders	
	To do IDP for the whole municipality in terms of chapter 5 of the Local Gov. Municipal Systems Act, 2000	Extent of community needs in the IDP A credible IDP approved for implementati on	Comprehen sive community and stakeholde rs participatio n in the IDP Processes	IDP community participation		IDP community participation		IDP Community participation		Approval of IDP for implementati on by 31 May 2010	
	To develop an IDP Process	Draft IDP Process Plan	Approved IDP Process	Public Participation		Implementati on of		Implementati on of		Implementati on of	

VOTE DESCRIPTION: IDP / PMS

VOTE: 037/0138

Included under DEPARTMENT: PED

Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)							
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter	4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target
	Plan for the review of the IDP, do public participation on it and implement it	for public participation and Council approval	Plan – 31/08/2010	on IDP Process Plan, Council approval and implement. of IDP P Plan		approved IDP Process Plan		approved IDP Process Plan		approved IDP Process Plan

VOTE DESCRIPTION: HOUSING			VOTE: 037/								
Included under DEPARTMENT: PED											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
Providing and Facilitating Sustainable Infrastructure	Development of a housing policy and sector plan	Housing policy and sector plan completed	30/06/201 0	1 Housing Plan/ Chapter				1 Housing Policy			
	Provision of sites for housing development on available land	Number of Erven Developed	500			150		150		200	
	Development of middle to higher income housing	Number of middle to higher income housing projects	1 middle to higher income housing project			Preliminary work done on the land, e.g infrastructure		One Middle / Higher income Housing project in progress		Two middle / higher income projects in progress	

<p>VOTE DESCRIPTION: HOUSING</p> <p>VOTE: 037/</p> <p>Included under DEPARTMENT: PED</p>											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
		initiated									
	Creation of a comprehensiv e database of people in need of housing	Number of people on the housing database				At least 1500 people on the housing database				A housing database for all people in need of housing in the municipality	

VOTE DESCRIPTION: TOWN PLANNING

VOTE: 037

Included under DEPARTMENT: PED

Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
					Target	Actual	Target	Actual	Target	Actual	Target
	Provision of sites for housing development on available land	Number of Erven planned	500			200		200		100	
	Formalisation of informal settlements	Number of informal settlements formalised	2 informal settlement s formalised					1 informal settlement formalised		1 informal settlement formalised	
	Provincial/Na tional support for LUMS	Confirmation of funding for LUMS				Funding for LUMS obtained				LUMS finalised	
	Facilitate the completion of Land Tenure	Number of Title Deeds	1000 Title Deeds			200 Title Deeds		300 Title Deeds		500 Title Deeds	

VOTE DESCRIPTION: TOWN PLANNING VOTE: 037											
Included under DEPARTMENT: PED											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
	projects	received									

VOTE DESCRIPTION: BUILDING REGULATION/MANAGEMENT

VOTE: 037

Included under DEPARTMENT: PED

Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
Enforcement of Building Regulations in the entire municipal area	Ensure all new buildings built according to approved building plans	Number of building plans submitted to Building Inspector	100% of new houses	25%		50%		75%		100%	
	Enforcement of building regulations in the municipal area	Number of inspections conducted	52 inspections; i.e at least 1 inspection per week	13 inspections		13 inspections		13 inspections		13 inspections	
	To provide building control services and implement a uniform tariff structure for	Number of building plans approved/ Total income from building plans	R35,600 income	R8,900		R8,900		R8,900		R8,900	

VOTE DESCRIPTION: BUILDING REGULATION/MANAGEMENT VOTE: 037										
Included under DEPARTMENT: <u>PED</u>										
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)							
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter
				Target	Actual	Target	Actual	Target	Actual	Target
	approval of building plans									

<p>VOTE DESCRIPTION: ENVIRONMENTAL MANAGEMENT</p> <p>VOTE: 037</p> <p>Included under DEPARTMENT: <u>PED</u></p>											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF., INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
Ensure compliance with National environmental legislation and policies	Development of an Integrated Env.Management Plan for the municipality	An approved Integrated Environmental management Plan for ALM	Draft IEM Plan by end June 2010	Progress report on the dev. of the IEM Plan		Progress report on the development of the IEM Plan		Approved Integrated Environmental Management Plan		Implementatio n of Integrated Environmental Management Plan	
	Implementation of the IEM Plan	Environmental Management reports	Monthly & quarterly reports	Quarterly Report		Quarterly Report		Quarterly Report		Quarterly Report	

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)														
Description	Ref													2010/11 Medium Term Revenue & Expenditure Framework Budget Year 2010/11
Revenue By Source	1	July	August	September	October	November	December	January	February	March	April	May	June	
Revenue By Source														
Property rates	2													
Property rates - penalties & collection charges														
Service charges - electricity revenue	2													
Service charges - water revenue	2													
Service charges - sanitation revenue	2													
Service charges - refuse revenue	2													
Service charges - other														
Rental of facilities and equipment														
Interest earned - external investments														
Interest earned - outstanding debtors														
Dividends received														
Fines														
Licences and permits														
Agency services														
Transfers recognised - operational														
Other revenue	2	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	48
Gains on disposal of PPE														
Total Revenue		4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	4,008.33	48
Operating Expenditure														
Employee related costs	2	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	363,215.28	4,359
Repairs & Maintenance		4	4	4	4	4	4	4	4	4	4	4	4	47
Other expenditure	3	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	474,958.33	5,700
Contributing to Capital Spending	2	21	21	21	21	21	21	21	21	21	21	21	21	250
Finance charges														-
Bulk purchases	2													0
Repairs & Maintenance	8													0
Contracted services														-
Transfers and grants														-
Other expenditure	4, 5													-
Loss on disposal of PPE														-
Total Expenditure		862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	862,881.95	10,355

PLANNING & ECONOMIC DEVELOPMENT																
Function	Program Name	Cost centre	Responsible Person	July	August	September	October	November	December	January	February	March	April	May	June	Approved Budget
IDP/LED office	Furniture and Fittings	0037	Director PED		45,000.00	30,000.00	30,000.00	20,000.00								125,000.00
IDP/LED office	Computers - hard/software	0037	Director PED		45,000.00	30,000.00	30,000.00	20,000.00								125,000.00
					90,000.00	60,000.00	60,000.00	40,000.00								250,000.00

Corporate Services – Executive summary, operating and capital budget

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description													2010/11 Medium Term Revenue & Expenditure Framework
Revenue By Source	July	August	September	October	November	December	January	February	March	April	May	June	Budget Year 2010/11
Revenue By Source													
Rental Townlands	88.33	88.33	88.33	88.33	88.33	88.33	88.33	88.33	88.33	88.33	88.33	88.33	1,060.00
Rental to community halls	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	4,830.86	57,970.34
Rental Bussiness	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	1,148.33	13,780.00
Sundry Rent Receipt													-
Grants And Subsidies													-
Sale of Stands	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	47,730.08	572,761.00
Photocopies													-
Recoverable Training Skills	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	14,441.62	173,299.40
Rental TPA Housing													-
Sale Water													-
Rental Abattoir													-
Fines													-
Sundry Income	441.67	441.67	441.67	441.67	441.67	441.67	441.67	441.67	441.67	441.67	441.67	441.67	5,300.00
Rental Personnel Housing	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	4,813.90	57,766.82
													-
													-
													-
Total Revenue	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	73,494.80	882
Operating Expenditure													
Employee related costs	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	700,368.59	8,404
Remuneration of councillors													-
Debt impairment													-
Depreciation & asset impairment													-
Finance charges													-
Bulk purchases													-
Repairs & Maintenance	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	58,173.79	698
Contracted services	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	27,446.95	329
Transfers and grants													-
General expenditure	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	213,750.38	2,565
Internal Transfer	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	6,200.84	74
Total Expenditure	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	1,005,940.55	12,071

Corporate Services Service Delivery Budget Implementation Plan(SDBIP)				SDBIP 2010/11												Approved Budget
Function	Program Name	Cost centre	Responsible Person	July	August	September	October	November	December	January	February	March	April	May	June	
IT	Computer hard/software	0031	IT Specialist	20,000.00	30,000.00		20,000.00									70,000.00
Adminstration	Cleaning Equipment for Municipal Offices	0021	Manager Admin and Secretariat	35,000.00		20,000.00					22,984.20					77,984.20
Adminstration	Furniture and Fittings Community Halls	0021	Manager Admin and Secretariat		92,432.00											92,432.00
Adminstration	Refurbishment of 2 Cashier Points	0021	Manager Admin and Secretariat		200,000.00											200,000.00
Adminstration	Renovation of Diepdale Hall	0021	Manager Admin and Secretariat			180,000.00										180,000.00
Adminstration	Renovation Glenmore Hall	0021	Manager Admin and Secretariat		20,000.00											20,000.00
Adminstration	Furnisher and Fittings	0021	Manager Admin and Secretariat		143,568.00											143,568.00
IT	Computers and Printers	0031	IT Specialist		33,708.00											33,708.00
																-
																-
				55,000.00	519,708.00	200,000.00	20,000.00	-	-	-	22,322.00	-	-	-	-	817,692.20

Community Services – Executive summary, operating and capital budget

Community Services				
Objectives			Strategies	
To provide Refuse Removal service			Collect refuse from households, business illegal dumps	
To manage and monitor Hawkers			Register, place and monitor hawkerss	
To maintain parks, recreation and cultural facilities in ALM			Cut grass, plant and maintain trees and flowers	
To maintain cemeteries in ALM			Fence, clean cemeteries and dig graves	
To provide basic funeral services for paupers			Investigate and Bury reported paupers	
To provide comprehensive Health Care services			Provide basic health services to communities	
To provide Environmental Health services			Monitor Environmental Health nspections	
To provide library services			Provide basic library services to communities	
To coordinate Community Development services (HIV/AIDS, Culture Sports & Recreation, Moral Regeneration, Education and Disability)				
To coordinate the services of the Thusong Service Centre				

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)														
Description	Ref													2010/11 Medium Term Revenue & Expenditure Framework Budget Year 2010/11
Revenue By Source	1	July	August	September	October	November	December	January	February	March	April	May	June	
Revenue By Source														
Burial Fees	2	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	8,611.05	103
Sundry Income		1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	1,953.73	23
Fines Library	2													0
Other revenue	2													0
Licences and permits	2	99.47	99.47	99.47	99.47	99.47	99.47	99.47	99.47	99.47	99.47	99.47	99.47	1
Service charges - refuse revenue	2	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	224,492.79	2,694
Grants and Subsidies														-
Rent of Facilities		392.06	392.06	392.06	392.06	392.06	392.06	392.06	392.06	392.06	392.06	392.06	392.06	5
User Charges														-
Interest earned - outstanding debtors														-
Dividends received														-
Fines														-
Licences and permits														-
Agency services														-
Transfers recognised - operational														-
Other revenue	2													0
Gains on disposal of PPE														-
Total Revenue		235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	235,549.09	2,827
Operating Expenditure														
Employee related costs	2	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	1,088,928.64	13,067
Internal Transfers														-
Other expenditure	3	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	119,522.97	1,434
Contracted services	2													
Contributing to Capital Funding		27	27	27	27	27	27	27	27	27	27	27	27	319
Repairs & Maintenance	2	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	75,249.96	903
Licences and Permit	8													
Contracted services														
Transfers and grants														
Other expenditure	4, 5													
Loss on disposal of PPE														
Total Expenditure		1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	1,310,251.56	15,723

COMMUNITY SERVICES SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN: CAPEX 2010/11				SDBIP 2010/11												Approved Budget
Function	Program Name	Cost centre	Responsible Person	July	August	September	October	November	December	January	February	March	April	May	June	
Cemeteries	Fencing and grounds	0005	Manager: E&HM													-
Cemeteries	Vehicles	0005	Manager: E&HM			47,565.00										47,565.00
Community Serv	Fencing and grounds	0012	Manager: E&HM		792,750.00											792,750.00
Community Service	Furniture and fittings	0012	Manager: Com Dev.			20,000.00		20,000.00	20,000.00			30,000.00			30,000.00	120,000.00
Community Service	Building & Terrain	0012	Manager: Com Dev.		5,000.00		5,000.00		10,000				11,710.00			31,710.00
Community Service	Motor Vehicles	0012	Manager: Com Dev.						380,000.00							380,000.00
Community Service	Computers - hard/software	0012	Manager: Com Dev.				25,000.00				25,000.00					50,000.00
Refuse Removal	Building Fencing & terrain	0029	Manager: E&HM		100,000.00			100,000.00				100,000.00			150,000.00	450,000.00
Refuse Removal	Equipment and Tools	0029	Manager: E&HM	100,000.00		50,000.00		50,000.00		50,000.00				50,000.00	45,000.00	345,000.00
Refuse Removal	Vehicles	0029	Manager: E&HM	1,000,000.00												1,000,000.00
				1,100,000.00	897,750.00	117,565.00	30,000.00	170,000.00	410,000.00	50,000.00	25,000.00	130,000.00	11,710.00	50,000.00	225,000.00	3,217,025.00

Finance – Executive summary, operating and capital budget

Financial Viability									
Objectives			Strategies			Programme			
To have an approved MFMA Implementation plan			Implement Revised MFMA implementation Plan			Revise the MFMA Implementation Plan			
To compile a multi year budget an approved in time			Prepare Budget timetable			Equipment & Tools			
To compile Financial Statements in terms of GRAP			Compile financial statements			Utilastion of allocated resources			
Turnaround Payments of sundry Creditors			Monthly reconciliation			Office Equipment			
To compile an Asset register in terms of GRAP			Maintanace of the Asset register			Asset management			
To provide effective Supply Chain in terms of chapter 11 of the MFMA			Effective Supply Chain Management			Computers hard/software			
To accelerate the provision of free basic service			Educate communities about the benefits of registering			Furniture and fittings			
To Increase payment of municipal services by 10%			Data Cleansing			Furniture and fittings			

Department of Finance SDBIP for Operational Budget													
Description													2010/11 Medium Term Revenue & Expenditure Framework
Revenue By Source	July	August	September	October	November	December	January	February	March	April	May	June	Budget Year 2010/11
Revenue By Source													
Property rates	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	26,570
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	392	392	392	392	392	392	392	392	392	392	392	392	4,698
Interest earned - outstanding debtors	924	924	924	924	924	924	924	924	924	924	924	924	11,083
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	10,248	10,248	10,248	10,248	10,248	10,248	10,248	10,248	10,248	10,248	10,248	10,248	122,981
Other revenue	28	28	28	28	28	28	28	28	28	28	28	28	340
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	13,806	13,806	13,806	13,806	13,806	13,806	13,806	13,806	13,806	13,806	13,806	13,806	165,673
Operating Expenditure													
Employee related costs	777	777	777	777	777	777	777	777	777	777	777	777	9,321
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance	16	16	16	16	16	16	16	16	16	16	16	16	186
Contracted services	102	102	102	102	102	102	102	102	102	102	102	102	1,221
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	214	214	214	214	214	214	214	214	214	214	214	214	2,565
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	13,294

FINANCE & ADMIN SERVICE DELIVERY BUDGET & IMPLEMENTATION PALN: CAPEX 2010/11				SDBIP 2010/11												Approved Budget
Function	Program Name	Cost centre	Responsible Person	July	August	September	October	November	December	January	February	March	April	May	June	
Assesment Rates	Furniture and Fittings	0001	Assistant Director Income		60,000.00		20,000.00									80,000.00
Assesment Rates	Equipment and Tools	0001	Assistant Director Income			181,650.00										181,650.00
Assesment Rates	Computers Hard & Software	0001	Assistant Director Income				15,000.00									15,000.00
Finance Admin	Equipment and tools	0034	CFO		10,000.00											10,000.00
Finance Admin	Computers - hard/software	0034	CFO				5,000.00									5,000.00
Finance Admin	Furniture and fittings	0035	Assistant Director Expenditure					45,000.00								45,000.00
Finance Admin	Computers - hard/software	0035	Assistant Director Expenditure	80,000.00												80,000.00
Supply Chain	Furniture and fittings	0038	Supply Chain Manager	10,000.00												10,000.00
Supply Chain	Building & Terrain	0038	Supply Chain Manager			20,000.00										20,000.00
Supply Chain	Computers - hard/software	0038	Supply Chain Manager	24,000.00												24,000.00
				114,000.00	70,000.00	201,650.00	40,000.00	45,000.00	-	-	-	-	-	-	-	470,650.00

Public Safety – Executive summary, operating and capital budget

VOTE DESCRIPTION: TRAFFIC MANAGEMENT SERVICES											
VOTE: 0039											
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
Traffic law enforcement. To ensure road safety	Speed measurement operations	Number of speed measurements done	120	30		30		30		30	
	Roadblocks	Number of roadblocks done	12	3		3		3		3	
	Special operations/K78 check points	Number of K78 operations done	12	3		3		3		3	
	Traffic escorts	Number of traffic escorts	100%	25%		25%		25%		25%	

VOTE DESCRIPTION: TRAFFIC MANAGEMENT SERVICES												VOTE: 0039	
Included under DEPARTMENT: PUBLIC SAFETY													
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)										
Traffic policing To promote law and order Scholar Patrols To promote the safety of learners Traffic Signs and Road markings	Provide two patrol vehicles (R340 000)	Two patrol vehicles procured and marked	Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter			
				Target	Actual	Target	Actual	Target	Actual	Target	Actual		
			100% Two vehicle	100% Quotations		Procuremen t of one		Quotations		Procuremen t of one			
	Implement scholar patrols at primary schools	% of primary schools with scholar patrols	100%	25%		25%		25%		25%			
	Maintenance of road signs	% of road signs maintained	100%	25%		25%		25%		25%			

VOTE DESCRIPTION: TRAFFIC MANAGEMENT SERVICES											VOTE: 0039	
Included under DEPARTMENT: PUBLIC SAFETY												
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)									
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	
	To promote safe flow of traffic	Maintenance of road markings	% of road markings maintained	100%	25%		25%		25%		25%	
	Traffic awareness and education		No of awareness activities conducted	12	3		3		3		3	
	To improve road safety											

VOTE DESCRIPTION: LICENSING MANAGEMENT SERVICES											
VOTE NR: 0018											
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
Registration and licensing of motor vehicles /To ensure the effective and efficient registration Testing of vehicles To promote the use of roadworthy vehicles Learners / drivers licences	Applications for vehicle registrations and license renewals	No of applications processed vs the no of applications received	Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
			100%	25%		25%		25%		25%	
	Applications for roadworthy	No f applications processed vs the no received	100%	25%		25%		25%		25%	
			100%	25%		25%		25%		25%	
	Applications for learners license	No of applications processed vs the no	100%	25%		25%		25%		25%	

VOTE DESCRIPTION: LICENSING MANAGEMENT SERVICES											
VOTE NR: 0018											
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
To promote the licensing of drivers	Applications for drivers license	received No of applications processed vs the no. received	Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
			100%	25%		25%		25%		25%	
			100%	25%		25%		25%		25%	
			100%	25%		25%		25%		25%	
			100%	25%		25%		25%		25%	
To ensure safe keeping of financial resources	Procure and install bullet proof counter glass	Two bullet proof cash counter glass procured and installed	100%	50%		50%					

VOTE DESCRIPTION: LICENSING MANAGEMENT SERVICES										VOTE NR: 0018	
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
To promote intergovernme ntal relations	R71 466 Attend eNATIS user group meetings	No of meetings attended vs. the no or invitations received	Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
			100%	25%		25%		25%		25%	

VOTE DESCRIPTION: FIRE BRIGADE SERVICES										VOTE NR: 0008	
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	

VOTE DESCRIPTION: LICENSING MANAGEMENT SERVICES			VOTE NR: 0018								
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
Emergencies and rescue operations To control and suppress fires and mitigate emergency	Deliver emergency and rescue services Respond to Hazmat situations Respond to fire calls Projects Procure Office furniture for new	No of calls responded to vs the no received No of calls responded to vs the no received No of calls responded to vs the no received Furniture procured	Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
			100%	25%		25%		25%		25%	
			100%	25%		25%		25%		25%	
			100%	25%		25%		25%		25%	
			100%	50%		50%					

VOTE DESCRIPTION: LICENSING MANAGEMENT SERVICES											VOTE NR: 0018	
Included under DEPARTMENT: PUBLIC SAFETY												
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)									
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		
Fire prevention services To prevent fire damage and reduce fire risks	positions R15 000 Phase 2 Procure one rural terrain fire engine R585 000 Test fire hydrants Conduct fire safety and compliance inspections	Fire engine procured		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
			100%	50%		50%						
		No of fire hydrants tested	100%	25%		25%		25%		25%		
			No of fire inspections conducted	12		3		3		3		3

VOTE DESCRIPTION: LICENSING MANAGEMENT SERVICES											VOTE NR: 0018	
Included under DEPARTMENT: PUBLIC SAFETY												
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)									
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		
Educations and awareness To prevent fire damage and reduce fire risks	Schedule and implement fire awareness programs	No of fire awareness programs implemented		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
			12		3		3		3		3	

VOTE DESCRIPTION: FINANCIAL AND ADMINISTRATIVE SERVICES											
VOTE NR: 016											
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
Budgeting and accounting To ensure effective and efficient financial management Good governance and public participation To ensure effective and efficient financial management	Monitor and control the budget	Expenditure within the approved budget		Target	Actual	Target	Actual	Target	Actual	Target	Actual
			100%	25%		25%		25%		25%	
	Promote stakeholder participation	No of stakeholder meetings held.	8	2		2		2		2	

VOTE DESCRIPTION: FINANCIAL AND ADMINISTRATIVE SERVICES											
VOTE NR: 016											
Included under DEPARTMENT: PUBLIC SAFETY											
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)								
			Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
To ensure compliance with Batho Pele Principles	Implement the department’s service delivery charter	Deliver charter workshopped with employees.		Target	Actual	Target	Actual	Target	Actual	Target	Actual
			1	1							
			2	2							
			60%	20%		20%		20%			
To ensure effective and efficient performance management	Senior officials to enter into performance agreements	Performance agreement concluded									
Policy management	Formulate and review policies and by-laws relevant to the department	No of policies formulated and reviewed									

VOTE DESCRIPTION: SECURITY SERVICES VOTE NR: 017										
Included under DEPARTMENT: PUBLIC SAFETY										
Aligned with KEY FOCUS AREA or IDP OBJECTIVE	KEY PERF. AREA OF VOTE	KEY PERF. INDICATOR (Unit of measurement)	KEY PERFORMANCE TARGET (number of units)							
Protection and monitoring To protect council's assets	Deployment of guards to key municipal property Ensure access control Procurement of access control system R100 000	Improved monitoring and surveillance Access control and surveillance systems Access control equipment procured and installed	Annual Target	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter
				Target	Actual	Target	Actual	Target	Actual	Target
			100%	25%		25%		25%		25%
			100%	50%		50%				

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)														
Description	Ref													2010/11 Medium Term Revenue & Expenditure Framework
Revenue By Source	1	July	August	September	October	November	December	January	February	March	April	May	June	Budget Year 2010/11
Revenue By Source														
User Charges	2	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	1,505.74	18
Licences and permits		170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	170,209.33	2,043
Fines	2	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	46,339.33	556
Other revenue	2													
Service charges - sanitation revenue	2													
Service charges - refuse revenue	2													
Service charges - other														
Rental of facilities and equipment														
Interest earned - external investments														
Interest earned - outstanding debtors														
Dividends received														
Fines														
Licences and permits														
Agency services														
Transfers recognised - operational														
Other revenue	2													
Gains on disposal of PPE														
Total Revenue		218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	218,054.40	2,617
Operating Expenditure														
Employee related costs	2	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	536,961.86	6,444
Remuneration of councillors														-
Contributing to Capital Spending	3	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	354,226.77	4,251
Internal Transfer	2													0
Repairs & Maintenance		71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	71,605.41	859
Other expenditure	2	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	116,854.92	1,402
Repairs & Maintenance	8													0
Contracted services														-
Transfers and grants														-
Other expenditure	4, 5													-
Loss on disposal of PPE														-
Total Expenditure		1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	1,079,648.96	12,956

PUBLIC SAFETY																
Function	Program Name	Cost centre	Responsible Person	July	August	September	October	November	December	January	February	March	April	May	June	Approved Budget
Disaster	Furniture and Fittings	0007	Director Public Safety	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	45,000.00
Disaster	Equipment and Tools	0007	Director Public Safety	833.34	833.34	833.34	833.33	833.33	833.33	833.33	833.33	833.33	833.33	833.34	833.33	10,000.00
Disaster	Computers - hard/software	0007	Director Public Safety	3,713.53	3,713.53	3,713.53	3,713.53	3,713.53	3,713.53	3,713.53	3,713.53	3,713.54	3,713.54	3,713.54	3,713.54	44,562.40
Fire Brigade	Furniture and Fittings	0008	Director Public Safety	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.34	8,333.34	8,333.34	8,333.34	100,000.00
Fire Brigade	Equipment and Tools	0008	Director Public Safety	33,333.34	33,333.34	33,333.34	33,333.34	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	400,000.00
Fire Brigade	Vehicles	0008	Director Public Safety								1,908,000.00					1,908,000.00
Fire Brigade	Computers - hard/software	0008	Director Public Safety	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
Safety and Security	Furniture and Fittings	0017	Director Public Safety	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	60,000.00
Safety and Security	Equipment and Tools	0017	Director Public Safety	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.34	8,333.34	8,333.34	8,333.34	100,000.00
Safety and Security	Vehicles	0017	Director Public Safety					200,000.00								200,000.00
Licencing	Fencing and Ground	0018	Director Public Safety	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	60,000.00
Licencing	Furniture and Fittings	0018	Director Public Safety	6,666.66	6,666.66	6,666.66	6,666.66	6,666.67	6,666.67	6,666.67	6,666.67	6,666.67	6,666.67	6,666.67	6,666.67	80,000.00
Licencing	Equipment and Tools	0018	Director Public Safety	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.33	8,333.34	8,333.34	8,333.34	8,333.34	100,000.00
Licencing	Building & Terrain	0018	Director Public Safety	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	300,000.00
Traffic	Equipment and Tools	0039	Director Public Safety	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	150,000.00
Traffic	Vehicles	0039	Director Public Safety				450,000.00				230,000.00					680,000.00
				122,046.86	122,046.86	122,046.86	572,046.85	354,380.18	122,046.85	122,046.85	354,380.18	122,046.89	122,046.89	122,046.90	122,046.89	4,252,562.40

Technical Services – Executive summary, operating and capital budget

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)														
Description	Ref													2010/11 Medium Term Revenue & Expenditure Framework Budget Year 2010/11
Revenue By Source	1	July	August	September	October	November	December	January	February	March	April	May	June	
Revenue By Source														
Connection Services	2	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	7,243.33	87
Connection Fees		4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	4,721.59	57
Reconnection Fees	2	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	2,292.43	28
Testing of Meters	2	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	1,280.83	15
Sale of Electricity Prepaid	2	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	1,075,136.94	12,902
Sale of Electricity Prepaid Covent	2	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	1,241,150.74	14,894
Internal Recoveries		57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	57,819.91	694
Operating Grants And Subsidies		220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	220,579.17	2,647
Sale Water Prepaid														-
Sale of Water		276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	276,691.54	3,320
Other revenue		325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	325,020.65	3,900
														-
														-
														-
	2													0
														-
Total Revenue		3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	3,211,937.12	38,543
Operating Expenditure														
Employee related costs	2	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	2,106,106.09	25,273
Contributing to Capital Spending		1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	1,097,435.98	13,169
Repairs & Maintenance	3	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	745,399.49	8,945
Working Capital Reserves	2	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	94,445.38	1,133
Bulk purchases		1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	1,769,152.50	21,230
Contracted services	2	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	652,646.83	7,832
Other expenditure														-
Other expenditure	4, 5	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	1,096,989.86	13,164
Loss on disposal of PPE														-
Total Expenditure		7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	7,562,176.14	90,746

TECHNICAL SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN: CAPEX 2010/11				SDBIP 2010/11													
Function	Program Name	Cost centre	Responsible Person	July	August	September	October	November	December	January	February	March	April	May	June	Approved Budget	
Water	Fencing and grounds	0129	Director Technical	48,583.33	-	-	-	-	-	-	-	-	-	-	-	583,000.00	
Water	Furniture & Fittings	0129	Director Technical			40,000.00										40,000.00	
Sanitation	Equipment and Tools	0030	Director Technical	17,666.67	-	-	-	-	-	-	-	-	-	-	-	212,000.00	
Electricity	Equipment and Tools	0123	Director Technical	75,083.33	-	-	-	-	-	-	-	-	-	-	-	901,000.00	
Water	Equipment and Tools	0129	Director Technical	6,666.67	-	-	-	-	-	-	-	-	-	-	-	80,000.00	
Sanitation	Vehicles	0030	Director Technical				106,000.00									106,000.00	
Electricity	Vehicles	0123	Director Technical					240,000.00		449,000.00						689,000.00	
Water	Vehicles	0129	Director Technical				800,000.00		578,000.00							1,378,000.00	
Sanitation	Infrastructure	0030	Director Technical	176,666.67	-	-	-	-	-	-	-	-	-	-	-	2,120,000.00	
Electricity	Infrastructure	0123	Director Technical	400,177.65	-	-	-	-	-	-	-	-	-	-	-	4,802,131.78	
Water	Infrastructure	0129	Director Technical	100,000.00	-	-	-	-	-	-	-	-	-	-	-	1,200,000.00	
Technical	Computers - hard/software	0036	Director Technical		53,000.00											53,000.00	
				824,844.32	53,000.00	40,000.00	906,000.00	240,000.00	578,000.00	449,000.00	-	-	-	-	-	12,164,131.78	

Internal Audit – Executive summary, operating and capital budget

MP301 Albert Luthuli - Table A4 Budgeted Financial Performance (revenue and expenditure)														
Description	Ref													2010/11 Medium Term Revenue & Expenditure Framework Budget Year 2010/11
Revenue By Source	1	July	August	September	October	November	December	January	February	March	April	May	June	
Revenue By Source														
Property rates	2													
Property rates - penalties & collection charges														
Service charges - electricity revenue	2													
Service charges - water revenue	2													
Service charges - sanitation revenue	2													
Service charges - refuse revenue	2													
Service charges - other														
Rental of facilities and equipment														
Interest earned - external investments														
Interest earned - outstanding debtors														
Dividends received														
Fines														
Licences and permits														
Agency services														
Transfers recognised - operational														
Other revenue	2													
Gains on disposal of PPE														
Total Revenue (excluding capital transfers and contributions)														
Operating Expenditure														
Employee related costs	2	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	77,932.20	935
Repairs & Maintenance		0	0	0	0	0	0	0	0	0	0	0	0	3
Other expenditure	3	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	29,840.08	358
Contributing to Capital Spending	2	2	2	2	2	2	2	2	2	2	2	2	2	22
Finance charges														-
Bulk purchases	2													0
Repairs & Maintenance	8													0
Contracted services														-
Transfers and grants														-
Other expenditure	4, 5													-
Loss on disposal of PPE														-
Total Expenditure		109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	109,824.29	1,318

Council General – Executive summary, operating and capital budget

Financial Viability																	
Objectives			Strategies			Programme											
To strengten publiv participation through Izimbizo			To provide necessary support to Ward Committees			Computers Hard & Software											
			To esnure that all stakeholders participate in the IDP Rep Foru			Furniture and fittings											
						Equipment and tools											
EXECUTIVE MAYOR & COUNCIL GENERAL SERVICE DELIVERY BUDGET & IMPLEMENTATION PALN: CAPEX 2010/11					SDBIP 2010/11												
Function	Program Name	Cost centre	Responsible Person	July	August	September	October	November	December	January	February	March	April	May	June	Approved Budget	
Executive Mayor	Computers Hard & Software	0002	Executive Mayor		31,713.00											31,713.00	
Council General	Furniture and fittings	0001	Speaker			5,285.50										5,285.50	
Council General	Equipment and tools	0034	Speaker		10,000.00	70,000.00										80,000.00	
Council General	Computers - hard/software	0034	Speaker			250,000.00										250,000.00	
				-	41,713.00	325,285.50	-	-	-	-	-	-	-	-	-	366,998.50	

